

## OFFER DOCUMENT DATED 24 NOVEMBER 2017

**THIS OFFER DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**If you are in any doubt about this Offer (as defined herein) or as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.**

Bank of China Limited, Singapore Branch (“**BOC**”) is acting for and on behalf of COSCO SHIPPING International (Singapore) Co., Ltd. (“**Offeror**”) and does not purport to advise the shareholders (“**Shareholders**”) of Cogent Holdings Limited (“**CHL**”) and/or any other person. In preparing its Letter to Shareholders for and on behalf of the Offeror, BOC has not had regard to the general or specific investment objectives, tax position, risk profiles, financial situation or particular needs and constraints of any individual Shareholder.

If you have sold or transferred all of your issued ordinary shares in the capital of CHL (the “**Shares**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Offer Document and the accompanying Form of Acceptance and Authorisation (the “**FAA**”) to the purchaser or the transferee, as CDP will arrange for a separate Offer Document and FAA to be sent to the purchaser or the transferee. If you have sold or transferred all your Shares which are not deposited with CDP, you should immediately hand this Offer Document and the accompanying Form of Acceptance and Transfer (the “**FAT**”) to the purchaser or the transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or the transferee.

This Offer Document should be read in conjunction with the accompanying FAA and/or FAT (the “**Relevant Acceptance Forms**”), the contents of which form part of the terms and conditions of the Offer.

**The views of the Independent Directors (as defined herein) of CHL and the independent financial adviser to the Independent Directors of CHL on the Offer will be made available to you in due course. You may wish to consider their views before taking any action in relation to the Offer.**

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Offer Document.

### VOLUNTARY CONDITIONAL CASH OFFER

by



### BANK OF CHINA LIMITED, SINGAPORE BRANCH

(Entity No.: S36FC0753G)

(Foreign Company registered in the Republic of Singapore)

for and on behalf of



### COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.

(Company Registration No.: 196100159G)

(Incorporated in the Republic of Singapore)

to acquire all the issued ordinary shares in the capital of

### COGENT HOLDINGS LIMITED

(Company Registration No.: 200710813D)

(Incorporated in the Republic of Singapore)

**ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5:30 P.M. (SINGAPORE TIME) ON 5 JANUARY 2018 (FRIDAY) OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.**

**EACH UNDERTAKING SHAREHOLDER (AS DEFINED HEREIN) HAS, AMONGST OTHER THINGS, UNDERTAKEN TO THE OFFEROR TO ACCEPT THE OFFER ON OR BEFORE 3 JANUARY 2018 (WEDNESDAY). UPON SUCH VALID ACCEPTANCE, THE OFFER WILL BECOME AND BE CAPABLE OF BEING DECLARED UNCONDITIONAL AS TO ACCEPTANCES IN ALL OTHER RESPECTS.**

**NOTICE IS HEREBY GIVEN THAT THE OFFEROR DOES NOT INTEND TO REVISE THE OFFER PRICE OR ANY OTHER TERMS OF THE OFFER, EXCEPT THAT THE OFFEROR RESERVES THE RIGHT TO DO SO IN A COMPETITIVE SITUATION.**

A Letter to Shareholders from BOC containing, among other things, the terms of the Offer, is set out on pages 9 to 23 of this Offer Document.

The procedures for acceptance of the Offer are set out in **Appendix B** to this Offer Document, and in the accompanying Relevant Acceptance Forms.



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## DEFINITIONS

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Except where the context otherwise requires, the following definitions apply throughout this Offer Document, the FAA and the FAT:

<b>“3QFY2017”</b>	:	In respect of the Offeror, the financial period ending 30 September 2017, being the third quarter of the FY2017
<b>“Accepting Shareholder”</b>	:	Shall have the meaning set out in <b>Section 2.4</b> of the Letter to Shareholders
<b>“ACRA”</b>	:	The Accounting and Corporate Regulatory Authority of Singapore
<b>“Adjusted Offer Price”</b>	:	Shall have the meaning set out in <b>Section 2.4(b)</b> of the Letter to Shareholders
<b>“Awards”</b>	:	Shall have the meaning set out in <b>Section 2.6</b> of the Letter to Shareholders
<b>“BOC”</b>	:	Bank of China Limited, Singapore Branch
<b>“Books Closure Date”</b>	:	Shall have the meaning set out in <b>Section 2.4(a)</b> of the Letter to Shareholders
<b>“Business Day”</b>	:	A day other than Saturday, Sunday or a public holiday, on which commercial banks are open for business in Singapore
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“China COSCO”</b>	:	Shall have the meaning set out in <b>Section 6.4</b> of the Letter to Shareholders
<b>“CHL”</b>	:	Cogent Holdings Limited
<b>“CHL Group” or “CHL Group Company”</b>	:	CHL and/or any of its subsidiaries
<b>“Closing Date”</b>	:	5:30 p.m. on 5 January 2018 (Friday), or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer
<b>“Code”</b>	:	The Singapore Code on Take-overs and Mergers
<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore
<b>“Competing Proposal”</b>	:	Shall have the meaning set out in <b>Section 8.5(a)</b> of the Letter to Shareholders
<b>“Compulsory Acquisition Right”</b>	:	Shall have the meaning set out in <b>Section 14.1</b> of the Letter to Shareholders

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## DEFINITIONS

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“COSGC”	: Shall have the meaning set out in <b>Section 6.4</b> of the Letter to Shareholders
“CPF”	: The Central Provident Fund
“CPF Agent Banks”	: Agent banks included under the CPFIS
“CPFIS”	: Central Provident Fund Investment Scheme
“CPFIS Investors”	: Investors who purchase Shares using their CPF savings pursuant to the CPFIS
“Date of Receipt”	: The date of receipt of the FAA by CDP
“Deferred Consideration”	: Shall have the meaning set out in <b>Section 9.1</b> of the Letter to Shareholders
“Despatch Date”	: 24 November 2017, being the date of despatch of this Offer Document
“Distributions”	: Shall have the meaning set out in <b>Section 2.3</b> of the Letter to Shareholders
“Electronic Acceptance”	: The SGX-SSH service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents
“Encumbrances”	: Shall have the meaning set out in <b>Section 2.3</b> of the Letter to Shareholders
“ESOS”	: Shall have the meaning set out in <b>Section 2.6(a)</b> of the Letter to Shareholders
“FAA”	: Form of Acceptance and Authorisation for Shares in respect of the Offer, applicable to Shareholders whose Shares are deposited with CDP and which forms part of this Offer Document
“FAT”	: Form of Acceptance and Transfer for Shares in respect of the Offer, applicable to Shareholders whose Shares are registered in their own names in the Register and are not deposited with CDP and which forms part of this Offer Document
“Final Day Rule”	: Shall have the meaning set out in <b>paragraph 1.5</b> of <b>Appendix A</b> to this Offer Document
“Free Float Requirement”	: Shall have the meaning set out in <b>Section 13.1</b> of the Letter to Shareholders
“FY”	: Unless otherwise stated, in respect of the Offeror, financial year ended or ending (as the case may be) on 31 December of a particular year as stated

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## DEFINITIONS

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<b>“Government Gazette”</b>	:	Shall mean the Gazette published by order of the Government of Singapore and includes any supplement thereto
<b>“in scrip form”</b>	:	Shall have the meaning set out in <b>paragraph 1.2.1</b> of <b>Appendix B</b> to this Offer Document
<b>“Independent Directors”</b>	:	The directors of CHL who are considered to be independent for the purposes of the Offer
<b>“Irrevocable Undertakings”</b>	:	Shall have the meaning set out in <b>Section 8.1</b> of the Letter to Shareholders
<b>“Key Undertaking Shareholders”</b>	:	Shall have the meaning set out in <b>Section 8.3</b> of the Letter to Shareholders
<b>“Last Trading Day”</b>	:	2 November 2017, being the last full day of trading in the Shares on the SGX-ST preceding the Offer Announcement Date
<b>“Latest Practicable Date”</b>	:	17 November 2017, being the latest practicable date prior to the printing of this Offer Document
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for the trading of securities
<b>“NTA”</b>	:	Shall have the meaning set out in <b>Section 11.2(a)</b> of the Letter to Shareholders
<b>“Nominees”</b>	:	Shall have the meaning set out in <b>Section 8.3(a)</b> of the Letter to Shareholders
<b>“Offer”</b>	:	Shall have the meaning set out in <b>Section 1.1</b> of the Letter to Shareholders
<b>“Offer Acceptance Condition”</b>	:	Shall have the meaning set out in <b>Section 2.5</b> of the Letter to Shareholders
<b>“Offer Announcement”</b>	:	The announcement relating to the Offer released by BOC, for and on behalf of the Offeror, on the Offer Announcement Date
<b>“Offer Announcement Date”</b>	:	3 November 2017, being the date of the Offer Announcement
<b>“Offer Document”</b>	:	This document, including the FAA and FAT, and any other document(s) which may be issued by BOC, for and on behalf of the Offeror, to amend, revise, supplement or update the document(s) from time to time

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## DEFINITIONS

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“Offer Period”	:	The period commencing on the Offer Announcement Date and ending on the Closing Date
“Offer Price”	:	S\$1.02 in cash for each Share
“Offer Unconditional Date”	:	The date on which the Offer becomes or is declared to be unconditional in all respects in accordance with its terms
“Offeror”	:	COSCO SHIPPING International (Singapore) Co., Ltd.
“Options”	:	Shall have the meaning set out in <b>Section 2.6</b> of the Letter to Shareholders
“Overseas Shareholders”	:	Shall have the meaning set out in <b>Section 18.1</b> of the Letter to Shareholders
“PRC”	:	People’s Republic of China
“PSP”	:	Shall have the meaning set out in <b>Section 2.6(b)</b> of the Letter to Shareholders
“Reconstitution”	:	Shall have the meaning set out in <b>Section 8.3(a)</b> of the Letter to Shareholders
“Reconstitution Date”	:	Shall have the meaning set out in <b>Section 8.3(a)</b> of the Letter to Shareholders
“Reference Period”	:	The period commencing three (3) months prior to the Announcement Date and ending on the Latest Practicable Date
“Register”	:	The register of holders of Shares, as maintained by the Registrar
“Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.
“Relevant Acceptance Forms”	:	FAA and/or FAT
“Relevant Day”	:	Shall have the meaning set out in <b>paragraph 3.1</b> of <b>Appendix A</b> to this Offer Document
“Relevant Persons”	:	Shall have the meaning set out in <b>paragraph 2.10</b> of <b>Appendix B</b> to this Offer Document
“Relevant Securities”	:	Shall have the meaning set out in <b>Section 16.1(a)</b> of the Letter to Shareholders
“Relevant Shares”	:	Shall have the meaning set out in <b>Section 8.5(b)</b> of the Letter to Shareholders
“Rule 22.6 Period”	:	Shall have the meaning set out in <b>paragraph 1.4</b> of <b>Appendix A</b> to this Offer Document

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## DEFINITIONS

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“ <b>Securities Account</b> ”	:	The securities account maintained by a Depositor with CDP, but does not include a securities sub-account
“ <b>SFA</b> ”	:	The Securities and Futures Act, Chapter 289 of Singapore
“ <b>SGX-ST</b> ”	:	Singapore Exchange Securities Trading Limited
“ <b>SGXNET</b> ”	:	A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
“ <b>Shareholder</b> ”	:	Holders of Shares (other than CDP) as indicated on the Register and Depositors who have Shares entered against their name in the Depository Register
“ <b>Shares</b> ”	:	Issued and paid-up ordinary shares in the capital of CHL
“ <b>Shut-Off Notice</b> ”	:	Shall have the meaning set out in <b>paragraph 1.4 of Appendix A</b> to this Offer Document
“ <b>SIC</b> ”	:	The Securities Industry Council of Singapore
“ <b>SRS</b> ”	:	Supplementary Retirement Scheme
“ <b>SRS Agent Banks</b> ”	:	Agent banks included under the SRS
“ <b>SRS Investors</b> ”	:	Investors who have purchased Shares using their SRS contributions pursuant to the SRS
“ <b>S\$</b> ” and “ <b>cents</b> ”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
“ <b>Undertaking Shareholders</b> ”	:	Shall have the meaning set out in <b>Section 8.1</b> of the Letter to Shareholders
“ <b>VWAP</b> ”	:	Volume weighted average price
“ <b>%</b> ” or “ <b>per cent.</b> ”	:	Percentage or per centum

**Acting in concert.** The expression “**acting in concert**” shall have the meaning ascribed to it in the Code.

**Announcement, notice, etc.** References to the making of an announcement or the giving of notice by the Offeror shall include the release of an announcement by BOC or advertising agents, for and on behalf of the Offeror, to the press, or the delivery of or transmission by telephone, telex, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

**Convertible securities, etc.** Save as otherwise defined and if the context otherwise requires, the expressions “**convertible securities**”, “**derivative**” and “**options**” shall have the meanings ascribed to them in the Code.



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## DEFINITIONS

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**Depositors, etc.** The expressions “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

**Genders, etc.** Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing a single gender shall, where applicable, include any or all genders. References to persons shall, where applicable, include corporations.

**Headings.** The headings in this Offer Document are inserted for convenience only and shall be ignored in construing this Offer Document.

**Rounding.** Any discrepancies in the tables, charts and/or diagrams in this Offer Document between the listed amounts and the totals thereof are due to rounding. Accordingly, any figure shown as a total may not be an arithmetic aggregation of the figures that precede it.

**Shares.** In this Offer Document, the total number of Shares is a reference to a total of 478,500,000 Shares with no treasury shares as at the Latest Practicable Date (based on the results of the instant information search of CHL conducted with ACRA).

**Statutes.** Any reference in this Offer Document to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Code, the Listing Manual, the SFA or any modification thereof and used in this Offer Document shall, where applicable, have the meaning assigned to that word under the Companies Act, the Code, the Listing Manual, the SFA or that modification, as the case may be, unless the context otherwise requires.

**Subsidiaries and related corporations.** The expressions “**subsidiaries**” and “**related corporations**” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

**Time and date.** Any reference to a time of day and date in this Offer Document shall be a reference to Singapore time and date, unless otherwise specified.

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## CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

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*All statements other than statements of historical facts included in this Offer Document are or may be forward-looking statements. Forward-looking statements include, but are not limited to, those using words such as “aim”, “anticipate”, “believe”, “estimate”, “expect”, “forecast”, “intend”, “plan”, “project”, “seek”, “strategy” and similar expressions or future conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Offeror’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently-available information as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those expressed or implied in such forward-looking statements. Given the risks and uncertainties that may cause actual results or outcomes to differ materially from those expressed or implied in such forward-looking statements, Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Offeror nor BOC guarantees any future performance or event or undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.*

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## INDICATIVE TIMETABLE

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Date of despatch of Offer Document <sup>(1)</sup>	:	24 November 2017 (Friday)
Undertaking Shareholders' acceptance of the Offer under the Irrevocable Undertakings <sup>(2)</sup>	:	On or before 3 January 2018 (Wednesday)
Closing Date <sup>(3)(4)</sup>	:	5:30 p.m. on 5 January 2018 (Friday) or such later date(s) as may be announced from time to time by or on behalf of the Offeror
Date of settlement of consideration	:	In respect of valid and complete acceptances received on or before the Offer Unconditional Date, within seven (7) Business Days of the Offer Unconditional Date (or such other time as may be required by the Code)  In respect of valid and complete acceptances received after the Offer Unconditional Date but before the Closing Date, within seven (7) Business Days after the date of receipt of each such acceptance (or such other time as may be required by the Code)

**Notes:**

- (1) Other than the date of despatch of the Offer Document and the date of settlement of consideration, the other dates set out in the timetable above are indicative only and the actual dates of the above events will be announced in due course by or on behalf of the Offeror and/or CHL on SGXNET.
- (2) Pursuant to the Irrevocable Undertakings, each of the Undertaking Shareholders have undertaken to accept the Offer within three (3) Market Days from the date that the Undertaking Shareholder receives written notice from the Offeror to fulfil the undertaking, but in any event no later than two (2) Market Days prior to the first Closing Date as stated in this Offer Document.
- (3) The Offer must initially be open for at least 28 days after the despatch of the Offer Document.
- (4) CPFIS Investors, SRS Investors and other investors who hold Shares through finance companies or Depository Agents will receive notification letter(s) from their respective CPF Agent Banks, SRS Agent Banks, finance companies and Depository Agents. Such investors should refer to those notification letter(s) for details of the last date and time (which may be earlier than the Closing Date) to reply to their respective CPF Agent Banks, SRS Agent Banks, finance companies and Depository Agents in order to accept the Offer.

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## LETTER TO SHAREHOLDERS

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### **BANK OF CHINA LIMITED, SINGAPORE BRANCH**

(Entity No.: S36FC0753G)

(Foreign Company registered in the Republic of Singapore)

24 November 2017

To: The Shareholders of Cogent Holdings Limited

Dear Sir / Madam

### **VOLUNTARY CONDITIONAL CASH OFFER BY BOC FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE SHARES**

#### **1. INTRODUCTION**

**1.1 Offer Announcement.** On 3 November 2017, being the Offer Announcement Date, BOC, for and on behalf of the Offeror, announced, amongst other things, that the Offeror intends to make a voluntary conditional cash offer for all the Shares, including all Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror (the “Offer”).

A copy of the Offer Announcement is available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

**1.2 Offer Document.** This Offer Document contains the formal offer by BOC, for and on behalf of the Offeror, to acquire all the Shares. This Offer Document, together with the Relevant Acceptance Forms, has been despatched to Shareholders on the Despatch Date. **Shareholders are urged to read this Offer Document carefully.**

#### **2. THE OFFER**

**2.1 Offer Price.** For and on behalf of the Offeror, BOC hereby makes the Offer, in accordance with Section 139 of the SFA and the Code, and subject to the terms and conditions of this Offer Document, for all the Shares on the following basis:

- (a) **for each Share: S\$1.02 in cash (the “Offer Price”); and**
- (b) **the Offeror does not intend to revise the Offer Price or any other terms of the Offer, save that the Offeror reserves the right to do so in a competitive situation.**

**2.2 Shares of parties acting in concert.** The Offer is extended, on the same terms and conditions, to all Shares, including any and all Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror in connection with the Offer.

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## LETTER TO SHAREHOLDERS

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2.3 **No Encumbrances.** The Shares will be acquired (i) fully paid-up, (ii) free from all liens, equities, pledges, mortgages, charges, encumbrances, rights of pre-emption, rights of first refusal, moratoriums, powers of sale, declarations of trust, hypothecation, retention of title, options or rights to purchase and other third party rights and interests of any kind or nature whatsoever or any agreements, arrangements or obligations to create any of the foregoing (“**Encumbrances**”), and (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (collectively, “**Distributions**”) that may be announced, declared, paid or made by CHL in respect of the Shares on or after the Offer Announcement Date.

2.4 **Adjustment for Distributions.** Without prejudice to the foregoing, the Offer Price has been determined on the basis that the Shares will be acquired with the right to receive any Distribution that may be declared, paid or made by CHL on or after the Offer Announcement Date.

Accordingly, if any Distribution is announced, declared, paid or made by CHL on or after the Offer Announcement Date to a Shareholder who validly accepts or has validly accepted the Offer (the “**Accepting Shareholder**”), the Offer Price payable to such Accepting Shareholder shall be reduced by an amount which is equal to the amount of such Distribution, depending on when the settlement date in respect of the Shares tendered in acceptance of the Offer by the Accepting Shareholder falls, as follows:

- (a) if such settlement date falls on or before the books closure date for the determination of entitlements to the Distribution (the “**Books Closure Date**”), the Offer Price for each Share shall remain unadjusted and the Offeror shall pay the Accepting Shareholder the unadjusted Offer Price for each Share, as the Offeror will receive the Distribution in respect of such Share from CHL; or
- (b) if such settlement falls after the Books Closure Date, the Offer Price for each Share shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Share (the Offer Price after such reduction, the “**Adjusted Offer Price**”) and the Offeror shall pay the Accepting Shareholder the Adjusted Offer Price for each Share, as the Offeror will not receive the Distribution in respect of such Share from CHL.

2.5 **Offer Acceptance Condition.** The Offer is conditional upon the Offeror having received, by the Closing Date, valid acceptances (which have not been withdrawn) in respect of such number of Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (either before or during the Offer, and pursuant to the Offer or otherwise), will result in the Offeror and parties acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to all the Shares (excluding treasury shares) as at the Closing Date (such condition, the “**Offer Acceptance Condition**”).

**Pursuant to the Irrevocable Undertakings, the aggregate number of Shares held by the Undertaking Shareholders amounts to 403,502,775 Shares, representing approximately 84.33% of all Shares in issue as at the Latest Practicable Date.**

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## LETTER TO SHAREHOLDERS

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Based on the total number of issued Shares as at the Latest Practicable Date, the Offer Acceptance Condition will be satisfied upon receipt of valid acceptances from the Undertaking Shareholders pursuant to the Irrevocable Undertakings and the Offer will become and be capable of being declared unconditional as to acceptances and in all other respects.

**EACH UNDERTAKING SHAREHOLDER HAS UNDERTAKEN TO THE OFFEROR TO ACCEPT THE OFFER ON OR BEFORE 3 JANUARY 2018 (WEDNESDAY).**

Save for the Offer Acceptance Condition, the Offer is unconditional in all other respects.

2.6 **No Options and Awards.** As at the Latest Practicable Date, CHL has in place the following employee or performance share incentive schemes:

- (a) the Cogent Holdings Employee Share Option Scheme (the “**ESOS**”); and
- (b) the Cogent Holdings Performance Share Plan (the “**PSP**”).

Based on the latest information available to the Offeror, as at the Latest Practicable Date, as CHL has not implemented the ESOS or the PSP, there are no outstanding options granted pursuant to the ESOS (“**Options**”) and no outstanding awards granted pursuant to the PSP (“**Awards**”). Accordingly, the Offer will not be extended to any Share allotted and issued pursuant to the exercise of any Option or the vesting of any Award and no comparable offer for, or other proposal in respect of, any Option or Award will be made by BOC, for and on behalf of the Offeror, in connection with the Offer.

### 3. WARRANTY

A Shareholder who tenders his Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably represent, warrant and undertake to the Offeror that he sells such Shares, as or on behalf of the beneficial owner(s) thereof, (i) fully paid-up; (ii) free from all Encumbrances; and (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions (if any) that may be announced, declared, paid or made by CHL in respect of the Shares on or after the Offer Announcement Date.

### 4. DETAILS OF THE OFFER

**Appendix A** to this Offer Document sets out further details on (i) the duration of the Offer; (ii) the settlement of the Offer Price; (iii) the requirements relating to the announcement of the level of acceptances of the Offer; and (iv) the right of withdrawal of acceptances of the Offer.

### 5. PROCEDURES FOR ACCEPTANCE

**Appendix B** to this Offer Document sets out the procedures for acceptance of the Offer.

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## LETTER TO SHAREHOLDERS

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### 6. INFORMATION ON THE OFFEROR

6.1 **Date of incorporation and listing.** The Offeror is a public limited company incorporated in Singapore and listed on the mainboard of the SGX-ST.

6.2 **Directors of the Offeror.** The directors of the Offeror as at the Latest Practicable Date are:

- (a) Mr. Wang Yu Hang (Chairman and Non-Independent and Non-Executive Director);
- (b) Mr. Gu Jing Song (Vice Chairman, President and Non-Independent Executive Director);
- (c) Mr. Li Xi Bei (Non-Independent Executive Director);
- (d) Mr. Liang Yan Feng (Non-Independent and Non-Executive Director);
- (e) Mr. Tom Yee Lat Shing (Non-Executive Lead Independent Director);
- (f) Dr. Wang Kai Yuen (Non-Executive Independent Director);
- (g) Mr. Er Kwong Wah (Non-Executive Independent Director);
- (h) Mr. Ang Swee Tian (Non-Executive Independent Director);
- (i) Mr. Li Man (Alternate to Mr. Wang Yu Hang); and
- (j) Mr. Ouyang Chao Mei (Alternate to Mr. Liang Yan Feng).

6.3 **Share capital.** As at the Latest Practicable Date, the Offeror has an issued and paid-up capital of approximately S\$270,608,381.71 comprising 2,239,244,954 issued shares with no treasury shares (based on the results of the instant information search of the Offeror dated the Latest Practicable Date conducted with ACRA).

6.4 **Substantial shareholder of the Offeror.** As at the Latest Practicable Date, China Ocean Shipping (Group) Company (“**COSGC**”) has a direct interest in 1,194,565,488 issued ordinary shares of the Offeror, representing approximately 53.35% of the issued share capital of the Offeror. China COSCO Shipping Corporation Limited (“**China COSCO**”) is deemed interested in the 1,194,565,488 issued ordinary shares held by COSGC.

### 7. INFORMATION ON CHL

7.1 **Date of incorporation and listing.** CHL is a public limited company incorporated in Singapore and listed on the mainboard of the SGX-ST. CHL and its subsidiaries (the “**CHL Group**”) are Singapore’s leading logistics management service providers with a broad-based clientele that includes local small and medium sized enterprises, large local companies and multinational companies.

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## LETTER TO SHAREHOLDERS

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7.2 **Directors of CHL.** The directors of CHL as at the Latest Practicable Date are:

- (a) Mr. Tan Yeow Khoon (Executive Chairman);
- (b) Mr. Tan Min Cheow, Benson (Executive Director and Chief Executive Officer);
- (c) Mr. Tan Yeow Lam (Managing Director);
- (d) Mr. Chan Soo Sen (Lead Independent Director);
- (e) Mr. Chua Cheow Khoon Michael (Independent Director); and
- (f) Mr. Teo Lip Hua Benedict (Independent Director).

7.3 **Share capital.** As at the Latest Practicable Date, CHL has an issued and paid-up capital of approximately S\$45,949,767 comprising 478,500,000 issued shares with no treasury shares (based on the results of the instant information search of CHL dated the Latest Practicable Date conducted with ACRA).

### 8. IRREVOCABLE UNDERTAKINGS

8.1 **Undertaking Shareholders.** As at the Offer Announcement Date, the Offeror has received irrevocable undertakings to, amongst other things, accept the Offer (the “**Irrevocable Undertakings**”) from each of the following Shareholders who are the legal and/or beneficial owners of an aggregate of 403,502,775 Shares (representing approximately 84.33% of all the Shares in issue as at the Latest Practicable Date):

- (a) Mr. Tan Yeow Khoon;
- (b) Mr. Tan Yeow Lam;
- (c) Mr. Tan Min Cheow, Benson; and
- (d) Madam Ng Poh Choo,

(collectively, the “**Undertaking Shareholders**” and each, an “**Undertaking Shareholder**”).

8.2 **Irrevocable Undertakings.** Under the terms of the Irrevocable Undertakings, each Undertaking Shareholder has unconditionally and irrevocably undertaken, represented and warranted to the Offeror, amongst other things:

- (a) to accept, or procure the acceptance of, the Offer (including any revised or improved Offer by or on behalf of the Offeror) in respect of all (and not only some of) the Relevant Shares free from any Encumbrances;
- (b) to fulfil the undertaking in **Section 8.2(a)** above in respect of all the Relevant Shares within three (3) Market Days from the date that the Undertaking Shareholder receives written notice from the Offeror to fulfil the undertaking in **Section 8.2(a)**



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## LETTER TO SHAREHOLDERS

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above, but in any event no later than two (2) Market Days prior to the first Closing Date of the Offer as stated in this Offer Document, in accordance with the procedures to be prescribed in this Offer Document and the Relevant Acceptance Forms;

- (c) notwithstanding the provisions of any rights of withdrawal under the Code or any terms of the Offer regarding withdrawal, not to withdraw such acceptance(s) of the Offer in respect of all the Relevant Shares unless the Irrevocable Undertaking lapses in accordance with its terms;
- (d) the Relevant Shares will be transferred to the Offeror and/or its nominee(s) fully paid-up and free from all Encumbrances, and will be transferred to the Offeror and/or its nominee(s) together with all rights, benefits and entitlements attached thereto in accordance with the Offer as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all Distributions, if any, which may be announced, declared, paid or made thereon by CHL on or after the Offer Announcement Date);
- (e) not to accept (or permit the acceptance on their behalf of) any Competing Proposal in respect of all or any of the Relevant Shares, whether or not such Competing Proposal is at a higher price than the Offer Price for the Relevant Shares and/or on more favourable terms than the Offer;
- (f) not to approve, endorse, recommend, vote or agree to vote for any Competing Proposal, whether or not such Competing Proposal is at a higher price than the Offer Price for the Relevant Shares and/or on more favourable terms than the Offer; and
- (g) not (other than pursuant to the Offer) to dispose of or transfer (or permit the disposal or transfer of) all or any of the Relevant Shares to any other party (including through granting or creating any Encumbrances over any of the Relevant Shares or otherwise).

**8.3 Key Undertaking Shareholders' Irrevocable Undertakings.** Under the terms of the Irrevocable Undertakings entered into by Mr. Tan Yeow Khoon, Mr. Tan Yeow Lam and Mr. Tan Min Cheow, Benson (the "**Key Undertaking Shareholders**"), each Key Undertaking Shareholder has unconditionally and irrevocably undertaken, represented and warranted to the Offeror, amongst other things:

- (a) subject to compliance with each Key Undertaking Shareholder's fiduciary duties and obligations under the Code as a director of CHL, and in compliance with all applicable laws, regulations and rules, each Key Undertaking Shareholder shall use all reasonable endeavours to effect the reconstitution, on the day immediately after the consideration for the acceptance of the Relevant Shares has been settled in accordance with the Code ("**Reconstitution Date**"), of part of, or the entire board of CHL and each of the CHL Group Companies (as informed to each Key Undertaking Shareholder by the Offeror), and in connection therewith, the appointment of such number of individuals ("**Nominees**") notified by the Offeror to each Key Undertaking Shareholder to the board of CHL and each of the CHL Group Companies on the Reconstitution Date, provided that the Offeror shall: (i) provide the identities and necessary documentation in respect of such Nominees (who satisfy the requirements under the listing rules of the SGX-ST and at least one (1) of whom shall be ordinarily resident in Singapore) to each Key Undertaking Shareholder and/or his

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## LETTER TO SHAREHOLDERS

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legal adviser at least 10 Market Days prior to the Reconstitution Date; (ii) procure that each such Nominee signs a written consent to act by the Reconstitution Date; and (iii) have clearly indicated prior to the Reconstitution Date that the Offer will not be revised (the “**Reconstitution**”) (as applicable);

- (b) in the case of Mr. Tan Yeow Khoon and Mr. Tan Yeow Lam, resign as directors of CHL and each of the CHL Group Companies (as applicable) immediately after the Reconstitution and in any event, on the Reconstitution Date; and
- (c) in the case of Mr. Tan Min Cheow, Benson, resign as a director of CHL and each of the CHL Group Companies (as applicable) on the date which CHL is delisted from the SGX-ST or such later date as notified by the Offeror to him.

**8.4 Termination of Irrevocable Undertakings.** Each Irrevocable Undertaking shall terminate, lapse and cease to have any effect if for whatever reason, other than as a result of a breach by the relevant Undertaking Shareholder of any of his or her obligations set forth in the Irrevocable Undertaking, amongst other things, the Offer is withdrawn without becoming or being declared unconditional in all respects.

**8.5 Definitions.** For the purposes of the Irrevocable Undertakings:

- (a) “**Competing Proposal**” means an expression of interest, offer or proposal by a party other than the Offeror to:
  - (i) (whether directly or indirectly) acquire or become the holder of, or otherwise have an economic interest in:
    - (A) all or any material part of the assets, businesses, revenues and undertakings of any CHL Group Company (it being acknowledged that an acquisition of assets, businesses, revenues and undertakings of the CHL Group shall be regarded as material for this purpose if the assets, businesses, revenues and undertakings constitute a “material amount” as defined in Note 2 to Rule 5 of the Code); or
    - (B) any of the share capital of any CHL Group Company;
  - (ii) acquire control of CHL (whether through a general offer or otherwise) or any of its subsidiaries;
  - (iii) otherwise acquire or merge with any CHL Group Company (whether by way of a joint venture, dual-listed company structure, scheme of arrangement or otherwise); or
  - (iv) effect a transaction or series of related transactions which would or is reasonably likely to preclude or restrict the Offer.
- (b) “**Relevant Shares**” means:
  - (i) the Shares held by the Undertaking Shareholders;

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## LETTER TO SHAREHOLDERS

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- (ii) any other Shares or securities in the capital of CHL which the Undertaking Shareholders may directly or indirectly and through their nominee(s) or otherwise, become the legal and/or beneficial owner of; and
- (iii) any other Shares or securities in the capital of CHL deriving from Shares or securities in the capital of CHL obtained by way of:
  - (A) any dividends, other distribution or return of capital (whether in cash or otherwise) by CHL; or
  - (B) any allotment, creation or issue of shares or other securities convertible into shares, or grant of options or other rights to subscribe for Shares, by CHL,

whether pursuant to any bonus issue, rights issue or distribution or otherwise.

8.6 **No other undertakings.** Save for the Irrevocable Undertakings, as at the Latest Practicable Date, neither the Offeror nor any party acting in concert with it has received any undertaking from any other party to accept or reject the Offer.

### 9. DEFERRED CONSIDERATION

9.1 **Deferred Consideration.** The Key Undertaking Shareholders have agreed to waive their rights to receive, in aggregate, an amount equal to S\$20 million (the “**Deferred Consideration**”) within the time period prescribed under Rule 30 of the Code.

9.2 **Payment of Deferred Consideration.** The Key Undertaking Shareholders have agreed that the Offeror shall, subject to terms and conditions separately agreed, be entitled to hold back the Deferred Consideration from the aggregate Offer Price payable to each of the Key Undertaking Shareholders.

9.3 **Further details.** Further details of the Deferred Consideration are set out in **Appendix E** to this Offer Document.

### 10. CEO SERVICE AGREEMENT

The Offeror intends and desires that there be continuity of management and minimal disruption to CHL’s business. For this purpose, Mr. Tan Min Cheow, Benson will enter into a service agreement with CHL, pursuant to which he will, amongst other things, be employed by CHL for a period ending on the date falling three (3) years from the date on which Mr. Tan Min Cheow, Benson tenders his Shares in acceptance of the Offer.

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### 11. RATIONALE FOR THE OFFER

11.1 **Rationale.** The Offeror is of the view that the Offer represents an opportunity for it to acquire control in one of Singapore's leading full service, integrated logistics service providers with a track record of over 40 years. It is envisaged that:

- (a) as the Offeror's ultimate holding company, China COSCO, has a well-established logistics business network throughout the PRC, the Offeror will be able to leverage on China COSCO's existing logistics business platform to potentially develop new business opportunities in the logistics sector in Southeast Asia, taking advantage of the "Belt and Road Initiative" formulated by the PRC Government in 2013; and
- (b) the Offeror will be able to offer end-to-end services to its customers with logistical needs in Singapore and Malaysia, thereby increasing the Offeror's competitive edge in relation to its global competitors and entrenching its customers.

11.2 **Opportunity for Shareholders.** The Offer also provides an opportunity for Shareholders to realise their investments in CHL for cash, if they so choose, at a premium over the market prices of the Shares prior to the Offer Announcement Date and without incurring brokerage fees. The Offer Price:

- (a) represents a premium of approximately 242.1% over the net tangible asset ("NTA") per Share of S\$0.298 as at 30 June 2017;
- (b) represents a premium of approximately 5.2% over the last transacted price per Share on the SGX-ST of S\$0.970 on 2 November 2017, being the Last Trading Day; and
- (c) represents a premium of approximately 6.2%, 12.7%, 20.3% and 30.6% over the VWAP per Share as transacted on the SGX-ST for the one (1)-month, three (3)-month, six (6)-month and twelve month periods up to and including the Last Trading Day, respectively.

### 12. OFFEROR'S INTENTIONS FOR CHL

The Offeror presently intends for CHL to continue with its existing business activities and has no intention to (i) introduce any major changes to the existing businesses of CHL, (ii) re-deploy any of the major fixed assets of CHL, or (iii) discontinue the employment of any employees of the CHL Group, other than in the ordinary course of business. Nonetheless, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which it regards to be in the interests of any member of the CHL Group and/or the Offeror.

### 13. LISTING STATUS

13.1 **Free Float Requirement.** Pursuant to Rule 723 of the Listing Manual, CHL must ensure that at least 10% of the total number of Shares (excluding treasury shares) is at all times held by the public (the "Free Float Requirement"). Pursuant to Rule 1105 of the Listing Manual, upon announcement by the Offeror that acceptances have been received

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## LETTER TO SHAREHOLDERS

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pursuant to the Offer that bring the holdings of the Shares owned by the Offeror and parties acting in concert with it to above 90% of the total number of Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until it is satisfied that at least 10% of the total number of Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that, if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of Shares (excluding treasury shares), thus causing the percentage of the total number of Shares (excluding treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the listed securities of CHL at the Closing Date.

Pursuant to Rule 724(1) of the Listing Manual, if the Free Float Requirement is not complied with, CHL must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the Shares on the SGX-ST. Rule 724(2) of the Listing Manual further provides that the SGX-ST may allow CHL a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the Shares (excluding treasury shares) held in public hands to at least 10%, failing which CHL may be removed from the Official List of the SGX-ST.

**13.2 Listing status. The Offeror intends to privatise CHL and does not intend to maintain the listing status of CHL. In the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 723, Rule 724, Rule 1105, or Rule 1303(1) of the Listing Manual, the Offeror has no intention of undertaking or supporting any action for any such trading suspension by the SGX-ST to be lifted.**

### 14. COMPULSORY ACQUISITION

**14.1 Compulsory Acquisition Right.** Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Offer or acquires Shares otherwise than through valid acceptances of the Offer, in respect of not less than 90% of the total number of Shares as at the Closing Date (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any treasury shares), the Offeror would be entitled to exercise its right to compulsorily acquire, at the Offer Price, all the Shares of Shareholders who have not accepted the Offer (the “**Compulsory Acquisition Right**”).

**In such event, the Offeror intends to exercise the Compulsory Acquisition Right. The Offeror will then proceed to delist CHL from the SGX-ST.**

**14.2 Section 215(3).** Pursuant to Section 215(3) of the Companies Act, if the Offeror acquires pursuant to the Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations and their respective nominees, comprise 90% or more of the total number of Shares, Shareholders who have not accepted the Offer have a right to require the Offeror to acquire their Shares at a consideration equal to the Offer Price. **Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.**

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### 15. FINANCIAL EVALUATION OF THE OFFER PRICE

15.1 **Financial evaluation.** The Offer Price represents the following premium over the historical traded prices of the Shares on the SGX-ST:

Description	Share Price (S\$) <sup>(1)(2)</sup>	Premium over Share Price (%) <sup>(3)</sup>
Last transacted price per Share on the SGX-ST on the Last Trading Day	0.970	5.2
VWAP per Share as transacted on the SGX-ST for the one (1)-month period up to and including the Last Trading Day	0.960	6.2
VWAP per Share as transacted on the SGX-ST for the three (3)-month period up to and including the Last Trading Day	0.905	12.7
VWAP per Share as transacted on the SGX-ST for the six (6)-month period up to and including the Last Trading Day	0.848	20.3
VWAP per Share as transacted on the SGX-ST for the twelve month period up to and including the Last Trading Day	0.781	30.6

**Notes:**

- (1) Based on data extracted from Bloomberg L.P. and calculated by using the total value of the Shares traded over the total volume of the Shares traded for the relevant period.
- (2) Computed based on Share prices rounded to the nearest three (3) decimal places.
- (3) Percentage figures are rounded to the nearest one (1) decimal place.

### 16. DISCLOSURES

16.1 **Holdings in Shares.** As at the Latest Practicable Date and save as disclosed in **Appendix E** to this Offer Document and in this Offer Document, none of (i) the Offeror and its directors, (ii) BOC, and (iii) to the best of the Offeror's knowledge, the other parties acting in concert with the Offeror:

- (a) owns, controls or has agreed to acquire any:
  - (i) Shares;
  - (ii) securities which carry voting rights in CHL; and
  - (iii) convertible securities, warrants, options or derivatives in respect of such Shares or securities which carry voting rights in CHL,(collectively, the "**Relevant Securities**");
- (b) has, other than the Irrevocable Undertakings, received any irrevocable undertaking to accept the Offer;

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## LETTER TO SHAREHOLDERS

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- (c) has, other than the Irrevocable Undertakings, entered into any arrangement (whether by way of option, indemnity or otherwise) in relation to shares of the Offeror or CHL which might be material to the Offer;
- (d) has, other than the Irrevocable Undertakings, entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code with any person, including any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to any Relevant Securities which may be an inducement to deal or refrain from dealing; or
- (e) has:
  - (i) granted a security interest over any Relevant Securities to another person, whether through a charge, pledge or otherwise;
  - (ii) borrowed from another person any Relevant Securities (excluding borrowed Relevant Securities which have been on-lent or sold); or
  - (iii) lent any Relevant Securities to another person.

16.2 **Dealings in Shares.** As at the Latest Practicable Date and save as disclosed in **Appendix E** to this Offer Document and in this Offer Document, none of (i) the Offeror and its directors, (ii) BOC, and (iii) to the best of the Offeror's knowledge, the other parties acting in concert with the Offeror, has dealt for value in any Relevant Securities during the Reference Period.

### 17. CONFIRMATION OF FINANCIAL RESOURCES

BOC, as financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offer by the holders of the Shares, excluding the Deferred Consideration.

### 18. OVERSEAS SHAREHOLDERS

18.1 **Overseas Shareholders.** This Offer Document, the Relevant Acceptance Forms and/or any related documents do not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being proposed in any jurisdiction in which the introduction or implementation of the Offer would not be in compliance with the laws of such jurisdiction. Where there are potential restrictions on sending this Offer Document, the Relevant Acceptance Forms and/or any related documents to any overseas jurisdictions, the Offeror and BOC reserve the right not to send this Offer Document, the Relevant Acceptance Forms and/or any related documents to such overseas jurisdictions. The availability of the Offer to Shareholders whose addresses are outside Singapore as shown in the Register or, as the case may be, in the records of CDP ("**Overseas Shareholders**") may be affected by the laws of the relevant overseas jurisdictions. Accordingly, Overseas Shareholders should inform themselves about and observe any applicable legal requirements in their own jurisdictions. **For the avoidance of doubt, the Offer is made to all Shareholders, including those to whom this Offer Document, the Relevant Acceptance Forms and/or any related documents have not been, or will not be, sent.**

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## LETTER TO SHAREHOLDERS

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**18.2 Copies of this Offer Document.** Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) obtain copies of this Offer Document, the Relevant Acceptance Forms and/or any related documents, during normal business hours up to the Closing Date from Boardroom Corporate & Advisory Services Pte. Ltd. (if he is a scripholder) at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or The Central Depository (Pte) Limited (if he is a Depositor) at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

Alternatively, Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) write to Boardroom Corporate & Advisory Services Pte. Ltd. (if he is a scripholder) at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or The Central Depository (Pte) Limited (if he is a Depositor), 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588 to request for this Offer Document, the Relevant Acceptance Forms and/or any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.

**18.3 Notice.** The Offeror and BOC each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST, paid advertisement in a daily newspaper published and circulated in Singapore or notice published in the Government Gazette, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including Overseas Shareholders) to receive or see such announcement, advertisement or notice.

**18.4 Compliance with Applicable Laws.** It is the responsibility of any Overseas Shareholder who wishes to (i) request for this Offer Document, the Relevant Acceptance Forms and/or any related documents; or (ii) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with all other necessary formalities or legal requirements, or the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any taxes, imposts, duties or other requisite payments payable, and the Offeror and any person acting on its behalf (including BOC, CDP and the Registrar) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or requisite payments that may be required to be paid and the Offeror shall be entitled to set-off any such amounts against any sum payable to the Overseas Shareholder pursuant to the Offer and/or any exercise of the rights described in this Offer Document. In (a) requesting for this Offer Document, the Relevant Acceptance Forms and/or any related documents; and/or (b) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror, CDP, the Registrar and BOC that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.



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## LETTER TO SHAREHOLDERS

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### 19. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

CPFIS Investors and SRS Investors who wish to accept the Offer should reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks, which may be earlier than the Closing Date. Subject to the Offer becoming or being declared to be unconditional in all respects in accordance with its terms, CPFIS Investors and SRS Investors who validly accept the Offer through their appropriate intermediaries will receive the payment for their Shares in their CPF investment accounts and SRS investment accounts.

### 20. GENERAL

**20.1 Valid Acceptances.** The Offeror and BOC each reserves the right to treat acceptances of the Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated herein or in the Relevant Acceptance Forms, or if made otherwise than in accordance with the provisions herein and instructions printed on the Relevant Acceptance Forms.

**20.2 Governing Law and Jurisdiction.** The Offer, this Offer Document, the Relevant Acceptance Forms, any related documents, and all acceptances of the Offer and all contracts made pursuant thereto, and actions taken or made, or deemed to be taken or made thereunder, shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Offeror and each Accepting Shareholder submit to the non-exclusive jurisdiction of the Singapore courts.

**20.3 No Third Party Rights.** Unless expressly provided to the contrary in this Offer Document and the Relevant Acceptance Forms, a person who is not a party to any contracts made pursuant to the Offer, this Offer Document and the Relevant Acceptance Forms has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term of such contracts. Notwithstanding any term herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

**20.4 Accidental Omission.** Accidental omission to despatch this Offer Document, the Relevant Acceptance Forms or any notice or announcement required to be given under the terms of the Offer or any failure to receive the same by any person to whom the Offer is made or should be made, shall not invalidate the Offer in any way.

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## LETTER TO SHAREHOLDERS

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20.5 **Independent Advice.** BOC is acting for and on behalf of the Offeror and does not purport to advise the Shareholders and/or any other person. In preparing this Letter to Shareholders for and on behalf of the Offeror, BOC has not had regard to the general or specific investment objectives, tax positions, risk profiles, financial situation or particular needs and constraints of any individual Shareholder. The views of the Independent Directors and the independent financial adviser to the Independent Directors on the Offer will be made available to Shareholders in due course and in any event, they are required under the Code to despatch their views within 14 days after the posting of this Offer Document. Shareholders may wish to consider their views before taking any action in relation to the Offer.

20.6 **General Information.** Appendix A to this Offer Document sets out certain additional general information relating to the Offer.

### 21. RESPONSIBILITY STATEMENT

The directors of the Offeror (including those who may have delegated detailed supervision of this Offer Document) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Offer Document (other than those relating to or expressed by the CHL Group) are fair and accurate and that there are no other material facts not contained in this Offer Document, the omission of which would make any statement in this Offer Document misleading. The directors of the Offeror jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the directors of the Offeror has been to ensure, through reasonable enquiries, that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Offer Document. The directors of the Offeror do not accept any responsibility for any information relating to or any opinion expressed by the CHL Group.

Yours faithfully

**Bank of China Limited, Singapore Branch**

For and on behalf of

**COSCO SHIPPING International (Singapore) Co., Ltd.**

24 November 2017

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## APPENDIX A — DETAILS OF THE OFFER

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### 1. DURATION OF THE OFFER

- 1.1 **First Closing Date.** The Offer is open for acceptance by Shareholders for at least 42 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. **Accordingly, the Offer will close at 5:30 p.m. (Singapore time) on 5 January 2018 (Friday) or such later date(s) as may be announced from time to time by or on behalf of the Offeror.**
- 1.2 **Subsequent Closing Date(s).** If the Offer is extended and:
- (a) is not unconditional as to acceptances as at the date of such extension, the announcement of the extension must state the next Closing Date; or
  - (b) is unconditional as to acceptances as at the date of such extension, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders at least 14 days' prior notice in writing before it may close the Offer.
- 1.3 **No obligation to extend the Offer.** The Offeror is not obliged to extend the Offer if the Offer Acceptance Condition is not fulfilled by the Closing Date.
- 1.4 **Offer to remain open for 14 days after being declared unconditional as to acceptances.** In order to give Shareholders who have not accepted the Offer the opportunity to do so if the Offer becomes or is declared unconditional as to acceptances, the Offer will remain open for acceptance for not less than 14 days after the date on which it would otherwise have closed ("**Rule 22.6 Period**").

This requirement does not apply if, before the Offer has become or is declared unconditional as to acceptances, the Offeror has given Shareholders at least 14 days' notice in writing ("**Shut-Off Notice**") that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:

- (a) the Offeror may not give a Shut-Off Notice in a competitive situation; and
- (b) the Offeror may not enforce a Shut-Off Notice, if already given, in a competitive situation.

If a declaration that the Offer is unconditional as to acceptances is confirmed in accordance with Rule 28.1 of the Code, the Rule 22.6 Period will run from the date of such confirmation or the date on which the Offer would otherwise have closed, whichever is later.

- 1.5 **Final day rule.** The Offer (whether revised or not) will not be capable of:
- (a) becoming or being declared unconditional as to acceptances after 5:30 p.m. (Singapore time) on the 60th day after the Despatch Date; or

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## APPENDIX A — DETAILS OF THE OFFER

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- (b) being kept open after such 60-day period unless it has previously become or has been declared to be unconditional as to acceptances,

provided that the Offeror may extend the Offer beyond such 60-day period with the SIC's prior consent ("**Final Day Rule**").

- 1.6 **Revision.** The Offeror does not intend to revise the Offer Price or any other terms of the Offer, except that the Offeror reserves the right to do so in a competitive situation. The Offer, if revised, will remain open for acceptance for at least 14 days from the date of despatch of the written notification of the revision to Shareholders. All Shareholders who have already accepted the Offer will also receive the benefit of any revised Offer.

## 2. SETTLEMENT

- 2.1 **When settlement of the Offer Price is due.** Save for any amounts payable under the Deferred Consideration as described in **Section 9** in the Letter to Shareholders, and subject to the Offer becoming or being declared unconditional in all respects and to the receipt by the Offeror from Accepting Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete in all respects and in accordance with the instructions given in this Offer Document and in the FAA or the FAT (as the case may be), and in the case of a Depositor, the receipt by the Offeror of a confirmation satisfactory to it that the relevant number of Shares tendered by the accepting Depositor in acceptance of the Offer standing to the credit of the "Free Balance" of the Depositor's Securities Account at the relevant time(s), the Offeror will, pursuant to Rule 30 of the Code, pay for the Shares tendered in acceptance of the Offer as soon as practicable but in any event:

- (a) in respect of acceptances of the Offer which are complete in all respects and are received **on or before** the Offer Unconditional Date, within seven (7) Business Days of the Offer Unconditional Date; or
- (b) in respect of acceptances of the Offer which are complete in all respects and are received **after** the Offer Unconditional Date, but before the Closing Date, within seven (7) Business Days of the date of such receipt.

- 2.2 **Method of settlement.** Remittance of the Offer Price will be made in the form of S\$ crossed cheques drawn on a bank in Singapore for the appropriate amounts and will be sent to the Accepting Shareholders (or in the case of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct) by ordinary post to their addresses as they appear in the Register (in the case of scripholders) or the records of CDP (in the case of Depositors) at their own risk or in such other manner as the Accepting Shareholders who are Depositors may have agreed with CDP for payment of any cash distributions.

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## APPENDIX A — DETAILS OF THE OFFER

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### 3. ANNOUNCEMENTS

3.1 **Timing and contents.** Pursuant to Rule 28.1 of the Code, by 8:00 a.m. (Singapore time) on the Market Day (“**Relevant Day**”) immediately after the day on which the Offer is due to expire, or becomes or is declared to be unconditional as to acceptances, or is revised or extended (if applicable), the Offeror will announce and simultaneously inform the SGX-ST of the total number of Shares (as nearly as practicable):

- (a) for which valid acceptances of the Offer have been received;
- (b) held by the Offeror and any parties acting in concert with the Offeror prior to the commencement of the Offer Period; and
- (c) acquired or agreed to be acquired by the Offeror and any parties acting in concert with it during the Offer Period,

and will specify the percentages of the total number of Shares represented by such numbers.

3.2 **Suspension.** If the Offeror is unable to comply with any of the requirements in **paragraph 3.1** of this **Appendix A** within the time limit, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.

3.3 **Computation of acceptances.** Subject to **Section 20.1** of the Letter to Shareholders, in computing the number of Shares represented by acceptances, the Offeror will at the time of making an announcement take into account acceptances which are valid in all respects. Acceptances of the Offer will only be treated as valid for the purposes of the acceptance condition if the relevant requirements of Note 2 on Rule 28.1 of the Code are met.

### 4. RIGHT OF WITHDRAWAL

4.1 **Acceptances irrevocable.** Except as expressly provided in this Offer Document and the Code, acceptance of the Offer shall be irrevocable.

4.2 **Right of withdrawal of Shareholders.** A Shareholder who has accepted the Offer may:

- (a) withdraw his acceptance immediately if the Offer has become or has been declared unconditional as to acceptances but the Offeror fails to comply with any of the requirements set out in **paragraph 3.1** of this **Appendix A** by 3:30 p.m. on the Relevant Day. Subject to Rule 22.9 of the Code in relation to the Final Day Rule, the Offeror may terminate this right of withdrawal not less than eight (8) days after the Relevant Day by confirming (if that be the case) that the Offer is still unconditional as to acceptances and by complying with Rule 28.1 of the Code and the requirements set out in **paragraph 3.1** of this **Appendix A**;
- (b) withdraw his acceptance after 14 days from the first Closing Date if the Offer has not by then become or been declared unconditional as to acceptances. This right of withdrawal may be exercised until such time as the Offer becomes or is declared unconditional as to acceptances; and

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## APPENDIX A — DETAILS OF THE OFFER

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- (c) withdraw his acceptance immediately if a competing offer for the Shares becomes or is declared to be unconditional as to acceptances. This right of withdrawal also applies in the converse situation: if the Offer becomes or is declared unconditional as to acceptances, a Shareholder who has accepted a competing offer may likewise withdraw his acceptance of such offer immediately.

### 4.3 Procedure for withdrawal of acceptances. To withdraw his acceptance of the Offer:

- (a) a Shareholder holding Shares which **are not deposited with CDP** must give written notice to the Offeror at COSCO SHIPPING International (Singapore) Co., Ltd. c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; and
- (b) a Shareholder holding Shares with **are deposited with CDP** must give written notice to the Offeror at COSCO SHIPPING International (Singapore) Co., Ltd. c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

**A notice for withdrawal shall be effective only if signed by the Accepting Shareholder or his agent duly appointed in writing, and evidence of whose appointment is produced in a form satisfactory to the Offeror and within the said notice, and when actually received by the Offeror.**

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## APPENDIX B — PROCEDURES FOR ACCEPTANCE OF THE OFFER

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### 1. OFFER

#### 1.1 Depositors

1.1.1 **Depositors whose Securities Accounts are credited with Shares.** If you have Shares standing to the credit of the “Free Balance” of your Securities Account, you should receive this Offer Document together with a FAA. If you do not receive the FAA, you may obtain a copy of such FAA, upon production of satisfactory evidence that you are a Shareholder, from CDP at **9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.**

**Acceptance.** If you wish to accept the Offer, you should:

- (a) complete the FAA in accordance with this Offer Document and the instructions printed on the FAA. In particular, you must state in Part A of the FAA the number of Shares in respect of which you wish to accept the Offer. If you:
  - (i) do not specify such number; or
  - (ii) specify a number which exceeds the number of Shares standing to the credit of the “Free Balance” of your Securities Account as at **5:00 p.m. (Singapore time) on the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, as at 5:30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt must fall on or before the Closing Date),**

you shall be deemed to have accepted the Offer in respect of all the Shares already standing to the credit of the “Free Balance” of your Securities Account as at **5:00 p.m. (Singapore time) on the Date of Receipt or 5:30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date);**

- (b) sign the FAA in accordance with this **Appendix B** and the instructions printed on the FAA; and
- (c) deliver the completed and signed FAA in its entirety (no part may be detached or otherwise mutilated):
  - (i) **by hand to COSCO SHIPPING International (Singapore) Co., Ltd., c/o The Central Depository (Pte) Limited at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588; or**
  - (ii) **by post, in the enclosed pre-addressed envelope at your own risk, to COSCO SHIPPING International (Singapore) Co., Ltd., c/o The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934,**

**in either case so as to arrive not later than 5:30 p.m. (Singapore time) on the Closing Date.** If the completed and signed FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope. Please note that the pre-addressed envelope which is enclosed is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside of Singapore. Proof of posting is not proof of receipt by the Offeror at the above addresses.

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## APPENDIX B — PROCEDURES FOR ACCEPTANCE OF THE OFFER

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If you have sold or transferred all your Shares held through CDP, you need not forward this Offer Document and the accompanying FAA to the purchaser or transferee, as CDP will arrange for a separate Offer Document and FAA to be sent to the purchaser or transferee. Purchasers of the Shares should note that CDP will, for and on behalf of the Offeror, send a copy of this Offer Document and the FAA by ordinary post at the purchasers' own risk to their respective mailing addresses as they appear in the records of CDP.

If you are a Depository Agent, you may accept the Offer via Electronic Acceptance. Such Electronic Acceptance must be submitted **not later than 5:30 p.m. (Singapore time) on the Closing Date**. CDP has been authorised by the Offeror to receive Electronic Acceptances on its behalf. Electronic Acceptances submitted will be subject to each of the terms and conditions contained in the FAA and this Offer Document as if the FAA had been completed and delivered to CDP.

**1.1.2 Depositors whose Securities Accounts will be credited with Shares.** If you have purchased Shares on the SGX-ST after the Despatch Date, and such Shares are in the process of being credited to the "Free Balance" of your Securities Account, you should also receive this Offer Document together with a FAA. If you do not receive the FAA, you may obtain a copy of such FAA, upon production of satisfactory evidence that you have purchased the Shares on the SGX-ST, from CDP at **9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588**.

**Acceptance.** If you wish to accept the Offer in respect of such Shares, you should, after the "Free Balance" of your Securities Account has been credited with such number of Shares purchased:

- (a) complete and sign the FAA in accordance with **paragraph 1.1.1** of this **Appendix B** and the instructions printed on the FAA; and
- (b) deliver the completed and signed FAA in its entirety (no part may be detached or otherwise mutilated):
  - (i) **by hand to COSCO SHIPPING International (Singapore) Co., Ltd., c/o The Central Depository (Pte) Limited at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588; or**
  - (ii) **by post**, in the enclosed pre-addressed envelope at your own risk, to **COSCO SHIPPING International (Singapore) Co., Ltd., c/o The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934,**

**in either case so as to arrive not later than 5:30 p.m. (Singapore time) on the Closing Date.** If the completed and signed FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope. Please note that the pre-addressed envelope which is enclosed is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside of Singapore. Proof of posting is not proof of receipt by the Offeror at the above addresses.



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## APPENDIX B — PROCEDURES FOR ACCEPTANCE OF THE OFFER

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1.1.3 **Depositors whose Securities Accounts are and will be credited with Shares.** If you have Shares credited to the “Free Balance” of your Securities Account, and have purchased additional Shares on the SGX-ST which are in the process of being credited to the “Free Balance” of your Securities Account, you may accept the Offer in respect of the Shares standing to the credit of the “Free Balance” of your Securities Account and may accept the Offer in respect of the additional Shares purchased which are in the process of being credited to your Securities Account only after the “Free Balance” of your Securities Account has been credited with such number of additional Shares purchased.

1.1.4 **Rejection.** If upon receipt by CDP, on behalf of the Offeror, of the FAA, it is established that such Shares have not been or will not be credited to the “Free Balance” of your Securities Account (for example, where you sell or have sold such Shares), your acceptance is liable to be rejected. If you purchase Shares on the SGX-ST prior to the Closing Date, your acceptance of the Offer in respect of such Shares is liable to be rejected if the “Free Balance” of your Securities Account is not credited with such Shares by 5:00 p.m. (Singapore time) on the Date of Receipt or 5:30 p.m. (Singapore time) on the Closing Date (if the Date of Receipt is the Closing Date).

None of CDP, BOC and the Offeror (and, for the avoidance of doubt, any of the Offeror’s related corporations) accept any responsibility or liability in relation to such rejections, including the consequences thereof.

1.1.5 **General.** No acknowledgement will be given by CDP for FAAs submitted by hand or by post to CDP or deposited into boxes located at CDP’s premises. All communications, notices, documents and remittances to be delivered or sent to you will be sent by ordinary post at your own risk to your address as it appears in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Shares credited to your Securities Account. You can verify such number in your Securities Account: (i) through CDP Online if you have registered for the CDP Internet Access Service, (ii) through the CDP Phone Service if you have a T-Pin, or (iii) by proceeding to CDP in person with your identity card or passport.

1.1.6 **Suspense Account.** Upon receipt by CDP, for and on behalf of the Offeror, of the duly completed and signed original of the FAA, CDP will take such measures as it may consider necessary and expedient to prevent any trading of the Shares in respect of which you have accepted the Offer during the period commencing on the Date of Receipt and ending on the date of settlement of the Offer Price in the event the Offer becomes or is declared unconditional in all respects (including, without limitation, earmarking, blocking and/or transferring the relevant number of Shares in respect of which you have accepted the Offer from the “Free Balance” of your Securities Account to a “Suspense Account”). Such Shares will be held in the “Suspense Account” until the consideration for such Shares has been despatched to you.

1.1.7 **Notification.** If you have accepted the Offer in accordance with the provisions contained in this **Appendix B** and the FAA, upon the Offer becoming or being declared to be unconditional in accordance with its terms, CDP will send you a notification letter stating the number of Shares debited from your Securities Account together with payment of the Offer Price by way of a cheque drawn on a bank in Singapore for the appropriate amount and sent by ordinary mail to your address as recorded by CDP, or in such other manner as you may have agreed with CDP for the payment of any cash distributions, at your own risk.

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## APPENDIX B — PROCEDURES FOR ACCEPTANCE OF THE OFFER

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1.1.8 **Return of Shares.** In the event that the Offer does not become or is not declared to be unconditional in all respects in accordance with its terms, CDP will return the aggregate number of Shares in respect of which you have accepted the Offer and tendered for acceptance under the Offer to the “Free Balance” of your Securities Account as soon as possible but, in any event, within 14 days from the lapse or withdrawal of the Offer.

1.1.9 **No Securities Account.** If you do not have any existing Securities Account in your own name at the time of acceptance of the Offer, your acceptance as contained in the FAA will be rejected.

### 1.2 Scripholders

1.2.1 **Shareholders whose Shares are not deposited with CDP.** If you hold Shares which are not deposited with CDP (“**in scrip form**”), you should receive this Offer Document together with the FAT. If you do not receive the FAT, you may obtain a copy of such FAT, upon production of satisfactory evidence that you are a Shareholder, from Boardroom Corporate & Advisory Services Pte. Ltd. at **50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.**

1.2.2 **Acceptance.** If you wish to accept the Offer in respect of all or any of your Shares in scrip form, you should:

(a) complete the FAT in accordance with this Offer Document and the instructions printed on the FAT. In particular, you must state in Part (A) of the FAT the number of Shares in respect of which you wish to accept the Offer, and state in Part (B) of the FAT the share certificate number(s) of the relevant share certificate(s). If you:

(i) do not specify a number in Part (A) of the FAT; or

(ii) specify a number in Part (A) which exceeds the number of Shares represented by the share certificate(s) accompanying the FAT,

you shall be deemed to have accepted the Offer in respect of all the Shares comprised in the share certificate(s) accompanying the FAT;

(b) sign the FAT in accordance with this **Appendix B** and the instructions printed on the FAT; and

(c) deliver:

(i) the completed and signed FAT in its entirety (no part may be detached or otherwise mutilated);

(ii) the share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror relating to the Shares in respect of which you wish to accept the Offer. If you are recorded in the Register as holding Shares but do not have the relevant share certificate(s) relating to such Shares, you, at your own risk, are required to procure CHL to issue such share certificate(s) in accordance with the Constitution of CHL and then deliver such share certificate(s) in accordance with the procedures set out in this Offer Document and the FAT;

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## APPENDIX B — PROCEDURES FOR ACCEPTANCE OF THE OFFER

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(iii) where such Shares are not registered in your name, a transfer form, duly completed and executed by the person in whose name such share certificate(s) is/are registered and stamped, with the particulars of the transferee left blank (to be completed by the Offeror or transferee or a person authorised by either); and

(iv) any other relevant document(s),

either:

(1) **by hand** to **COSCO SHIPPING International (Singapore) Co., Ltd., c/o Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623**; or

(2) **by post**, in the enclosed pre-addressed envelope at your own risk, to **COSCO SHIPPING International (Singapore) Co., Ltd., c/o Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623**,

**in either case so as to arrive not later than 5:30 p.m. (Singapore time) on the Closing Date.** If the completed and signed FAT is delivered by post to the Offeror, please use the enclosed pre-addressed envelope. It is your responsibility to affix adequate postage on the said envelope. Proof of posting is not proof of receipt by the Offeror at the above address.

1.2.3 **Receipt.** No acknowledgement of receipt of any FAT, share certificate(s), other document(s) of title, transfer form(s) and/or any other accompanying document(s) will be given by the Offeror, BOC or the Registrar.

1.2.4 **Return of Shares.** In the event the Offer does not become or is not declared to be unconditional in accordance with its terms, the FAT, share certificate(s) and/or any other accompanying document(s) will be returned to you as soon as possible but, in any event, within 14 days of the lapse or withdrawal of the Offer.

## 2. GENERAL

2.1 **Disclaimer.** Each of the Offeror, BOC, the Registrar and/or CDP will be entitled, at their sole and absolute discretion, to reject or treat as valid any acceptance of the Offer through the FAA and/or the FAT, as the case may be, which is not entirely in order or which does not comply with the terms of this Offer Document and the Relevant Acceptance Forms or which is otherwise incomplete, incorrect, signed but not in its originality, or invalid in any respect. If you wish to accept the Offer, it is your responsibility to ensure that the FAA and/or FAT, as the case may be, is properly completed and executed in all respects and submitted with original signature(s) and that all required documents, where applicable, are provided. Any decision to reject or treat as valid any acceptance will be final and binding and none of the Offeror (or, for the avoidance of doubt, any of the Offeror's related corporations), BOC, the Registrar and/or CDP accept any responsibility or liability for such a decision, including the consequences of such a decision.

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## APPENDIX B — PROCEDURES FOR ACCEPTANCE OF THE OFFER

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- 2.2 **Discretion.** The Offeror and BOC each reserves the right to treat acceptances of the Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated in this Offer Document and in the FAA and/or the FAT, as the case may be, or if made otherwise than in accordance with the provisions of this Offer Document and in the FAA and/or the FAT, as the case may be. Any decision to treat as valid such acceptances will be final and binding and none of the Offeror (or, for the avoidance of doubt, any of the Offeror's related corporations), BOC, the Registrar and/or CDP accept any responsibility or liability for such a decision, including the consequences of such a decision.
- 2.3 **Scrip and scripless Shares.** If you hold some Shares in scrip form and others with CDP, you should complete the FAT for the former and the FAA for the latter in accordance with the respective procedures set out in this **Appendix B** and the Relevant Acceptance Forms if you wish to accept the Offer in respect of all such Shares.
- 2.4 **Deposit time.** If you hold Shares in scrip form, the Shares may not be credited into your Securities Account with CDP in time for you to accept the Offer by way of the FAA if you were to deposit your share certificate(s) with CDP after the Despatch Date. If you wish to accept the Offer in respect of such Shares held in scrip form, you should complete a FAT and follow the procedures set out in **paragraph 1.2** of this **Appendix B** and the FAT.
- 2.5 **Correspondence.** All communications, certificates, notices, documents and remittances to be delivered or sent to you (or in the case of scripolders, your designated agent or, in the case of joint Accepting Shareholders who have not designated any agent, to the one first-named in the Register, as the case may be) will be sent by ordinary post to your address as it appears in the records of CDP or the Register, as the case may be, at the risk of the person(s) entitled thereto (or, for the purposes of remittances only, to such different name and address as may be specified by you in the FAT, as the case may be, at your sole risk).
- 2.6 **Evidence of title.** Delivery of the duly completed and signed FAA and/or FAT, as the case may be, together with the relevant share certificate(s) and/or other document(s) of title and/or other relevant document(s) required by the Offeror, to CDP, the Registrar and/or the Offeror, as the case may be, shall be conclusive evidence in favour of CDP, the Registrar and/or the Offeror (or its nominee), as the case may be, of the right and title of the person(s) signing it to deal with the same and with the Shares to which it relates.
- 2.7 **Loss in transmission.** The Offeror, BOC, CDP and/or the Registrar, as the case may be, shall not be liable for any loss in transmission of the FAA and/or the FAT.
- 2.8 **Acceptances irrevocable.** Except as expressly provided in this Offer Document and the Code, the acceptance of the Offer made by you using the FAA and/or the FAT, as the case may be, shall be irrevocable.
- 2.9 **Acceptances received on Saturdays, Sundays and public holidays.** For the avoidance of doubt, acceptances in the form of the FAA and/or the FAT, as the case may be, received by or on behalf of the Offeror on a Saturday, Sunday or public holiday in Singapore will only be processed and validated on the next Business Day.

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## APPENDIX B — PROCEDURES FOR ACCEPTANCE OF THE OFFER

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2.10 **Personal Data privacy.** By completing and delivering a FAA and/or FAT, a Shareholder (i) consents to the collection, use and disclosure of his personal data by the Registrar, CDP, CPF Board, the SGX-ST, the Offeror, BOC and CHL (the “**Relevant Persons**”) for the purpose of facilitating his acceptance of the Offer, and in order for the Relevant Persons to comply with any applicable laws, listing rules, regulations and/or guidelines, (ii) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable law, and (iii) agrees that he will indemnify the Relevant Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of such warranty.

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## APPENDIX C1 — ADDITIONAL INFORMATION ON THE OFFEROR

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### 1. DIRECTORS

The names, addresses and descriptions of the directors of the Offeror as at the Latest Practicable Date are as follows:

<b>Name</b>	<b>Address</b>	<b>Description</b>
Mr. Wang Yu Hang	c/o 30 Cecil Street #26-01 Prudential Tower Singapore 049712	Chairman and Non-Independent and Non-Executive Director
Mr. Gu Jing Song	c/o 30 Cecil Street #26-01 Prudential Tower Singapore 049712	Vice Chairman, President and Non-Independent Executive Director
Mr. Li Xi Bei	c/o 30 Cecil Street #26-01 Prudential Tower Singapore 049712	Non-Independent Executive Director
Mr. Liang Yan Feng	c/o 30 Cecil Street #26-01 Prudential Tower Singapore 049712	Non-Independent and Non-Executive Director
Mr. Tom Yee Lat Shing	c/o 30 Cecil Street #26-01 Prudential Tower Singapore 049712	Non-Executive Lead Independent Director
Dr. Wang Kai Yuen	c/o 30 Cecil Street #26-01 Prudential Tower Singapore 049712	Non-Executive Independent Director
Mr. Er Kwong Wah	c/o 30 Cecil Street #26-01 Prudential Tower Singapore 049712	Non-Executive Independent Director
Mr. Ang Swee Tian	c/o 30 Cecil Street #26-01 Prudential Tower Singapore 049712	Non-Executive Independent Director
Mr. Li Man	c/o 30 Cecil Street #26-01 Prudential Tower Singapore 049712	Alternate to Mr. Wang Yu Hang
Mr. Ouyang Chao Mei	c/o 30 Cecil Street #26-01 Prudential Tower Singapore 049712	Alternate to Mr. Liang Yan Feng

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## APPENDIX C1 — ADDITIONAL INFORMATION ON THE OFFEROR

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### 2. PRINCIPAL ACTIVITIES AND SHARE CAPITAL

The Offeror is a public limited company incorporated in Singapore on 25 October 1961 and listed on the mainboard of the SGX-ST. Its principal activity is investment holding.

As at the Latest Practicable Date, the Offeror has an issued and paid-up capital of approximately S\$270,608,381.71 comprising 2,239,244,954 issued shares with no treasury shares (based on the results of the instant information search of the Offeror dated the Latest Practicable Date conducted with ACRA).

### 3. REGISTERED OFFICE

The registered office of the Offeror is 30 Cecil Street, #26-01 Prudential Tower, Singapore 049712.

### 4. FINANCIAL SUMMARY

- 4.1 **Financial results.** Certain financial information extracted from (i) the audited consolidated financial statements of the Offeror for FY2014, FY2015, FY2016 and (ii) the unaudited consolidated financial statements of the Offeror for 3QFY2017 are set out below.

The financial information was based on, and should be read together with, the audited consolidated financial statements of the Offeror for FY2014, FY2015, FY2016 and the unaudited consolidated financial statements of the Offeror for 3QFY2017 and the related notes thereto. Copies of the audited consolidated financial statements of the Offeror for FY2014, FY2015, FY2016 and unaudited consolidated financial statements of the Offeror for 3QFY2017 and the related notes thereto are available on the website of the Offeror at [www.cosco.com.sg](http://www.cosco.com.sg).

	FY2014 (Audited) S\$'000	FY2015 (Audited) S\$'000	FY2016 (Audited) S\$'000	3QFY2017 (Unaudited) S\$'000
Turnover	4,260,705	3,519,773	2,557,359	29,201 <sup>(1)</sup>
Exceptional Items	—	—	—	—
Profit/(loss) before tax	17,251	(901,166)	(877,765)	(23,579) <sup>(1)</sup>
Profit/(loss) after tax	26,277	(914,835)	(976,084)	(157,597)
Profit/(loss) attributable to:				
Equity holders of the Company	20,893	(569,958)	(466,499)	(74,971)
Non-controlling interests	5,384	(344,877)	(509,585)	(82,626)
Net earnings per share (cents):				
basic and diluted	0.93	(25.45)	(20.83)	(3.34)
Net dividends per share declared (cents):	0.50	—	—	—

**Note:**

- (1) The turnover and loss before tax for 3QFY2017 relates to continuing operations. The Offeror has obtained its shareholders' approval at an extraordinary general meeting held on 30 August 2017 to sell a 51% equity interest in COSCO Shipyard Group Co., Ltd., 50% equity interest in COSCO (Nantong) Shipyard Co., Ltd and 39.1% equity interest in COSCO (Dalian) Shipyard Co., Ltd. (collectively "**discontinued operations**"). As a result, the turnover and loss before tax for 3QFY2017 do not include the results of discontinued operations.

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## APPENDIX C1 — ADDITIONAL INFORMATION ON THE OFFEROR

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- 4.2 **Statement of assets and liabilities.** Summaries of the audited consolidated statement of assets and liabilities of the Offeror as at 31 December 2016 and the unaudited consolidated statement of assets and liabilities of the Offeror as at 30 September 2017 are as set out below.

The financial information was based on, and should be read in conjunction with, the audited consolidated financial statements of the Offeror for FY2016 and the unaudited consolidated financial statements of the Offeror for 3QFY2017 and the related notes thereto. Copies of the audited consolidated financial statements of the Offeror for FY2016 and unaudited consolidated financial statements of the Offeror for 3QFY2017 and the related notes thereto are available on the website of the Offeror at [www.cosco.com.sg](http://www.cosco.com.sg).

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	<b>FY2016</b>	<b>3QFY2017</b>
	<b>(Audited)</b>	<b>(Unaudited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Current assets	6,974,136	8,828,731
Non-current assets	2,806,591	67,545
Current liabilities	6,441,623	8,733,175
Non-current liabilities	3,018,590	133
Net assets	320,514	162,968
Share capital	270,608	270,608
Statutory and other reserves	311,859	308,819
Accumulated losses	(246,407)	(321,511)
Non-controlling interests	(15,546)	(94,948)
Total equity	320,514	162,968

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- 4.3 **Financial results of the Offeror for FY2016.** The Offeror's audited consolidated financial statements for FY2016 are set out in **Appendix C2** of this Offer Document.
- 4.4 **Financial results of the Offeror for 3QFY2017.** The Offeror's unaudited consolidated financial statements for 3QFY2017 are set out in **Appendix C3** of this Offer Document.

### 5. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Offeror are set out in the notes to the audited consolidated financial statements of the Offeror for FY2016 and the unaudited consolidated financial statements of the Offeror for 3QFY2017 which are set out in **Appendix C2** and **Appendix C3** to this Offer Document respectively.

### 6. CHANGES IN ACCOUNTING POLICIES

As at the Latest Practicable Date, there is no change in the accounting policies of the Offeror which will cause the financial information disclosed in this Offer Document to be not comparable to a material extent.



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## APPENDIX C1 — ADDITIONAL INFORMATION ON THE OFFEROR

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### 7. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save for the Offeror making and obtaining financing of up to S\$350 million from BOC to partially fund acceptances under the Offer and save as publicly disclosed (including but not limited to the unaudited consolidated financial statements of the Offeror for 3QFY2017 set out in **Appendix C3** of this Offer Document), there have been no material changes in the financial position or prospects of the Offeror since 31 December 2016, being the date of the last published audited consolidated financial statements laid before the Offeror's shareholders in general meeting.

## APPENDIX C2 — AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE OFFEROR FOR FY2016

Financial Statements

### ••• CONSOLIDATED PROFIT OR LOSS

For the financial year ended 31 December 2016

	Note	2016 \$'000	2015 \$'000
Sales	4	<b>2,557,359</b>	3,519,773
Cost of sales	5	<b>(2,874,690)</b>	(3,734,558)
Gross loss		<b>(317,331)</b>	(214,785)
Other income	7(a)	<b>88,633</b>	81,398
Other gains and losses	7(b)	<b>(31,808)</b>	(5,167)
Expenses			
- Distribution	5	<b>(57,137)</b>	(73,176)
- Administrative	5	<b>(335,088)</b>	(522,541)
- Finance	8	<b>(224,784)</b>	(166,925)
Share of (loss)/profit of associated companies	19	<b>(250)</b>	30
Loss before income tax		<b>(877,765)</b>	(901,166)
Income tax expense	9(a)	<b>(98,319)</b>	(13,669)
<b>Net loss</b>		<b>(976,084)</b>	(914,835)
<b>Loss attributable to:</b>			
Equity holders of the Company		<b>(466,499)</b>	(569,958)
Non-controlling interests		<b>(509,585)</b>	(344,877)
		<b>(976,084)</b>	(914,835)
<b>Earnings per share attributable to equity holders of the Company</b> (expressed in cents per share)			
- Basic earnings per share	10(a)	<b>(20.83)</b>	(25.45)
- Diluted earnings per share	10(b)	<b>(20.83)</b>	(25.45)

*The accompanying notes form an integral part of these financial statements.*

## APPENDIX C2 — AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE OFFEROR FOR FY2016

Financial Statements

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2016

	Note	2016 \$'000	2015 \$'000
<b>Net loss</b>		<b>(976,084)</b>	(914,835)
<b>Other comprehensive (loss)/income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
- Fair value loss	30(b)(iv)	(57)	(32)
Currency translation differences arising from consolidation	30(b)(iii)	(40,446)	53,302
<b>Other comprehensive (loss)/income, net of tax</b>		<b>(40,503)</b>	53,270
<b>Total comprehensive loss</b>		<b>(1,016,587)</b>	(861,565)
<b>Total comprehensive loss attributable to:</b>			
Equity holders of the Company		(486,125)	(534,777)
Non-controlling interests		(530,462)	(326,788)
		<b>(1,016,587)</b>	(861,565)

*The accompanying notes form an integral part of these financial statements.*

## APPENDIX C2 — AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE OFFEROR FOR FY2016

Financial Statements

### ••• BALANCE SHEETS

As at 31 December 2016

	Note	The Group		The Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	11	1,520,375	1,570,852	29,868	36,301
Trade and other receivables	12	4,531,947	5,202,201	57,866	45,422
Inventories	13	835,582	780,251	–	–
Construction contract work-in-progress	14	72,408	199,122	–	–
Income tax receivables		1,933	9,278	–	–
Other current assets	15	11,891	15,537	100	115
		<b>6,974,136</b>	<b>7,777,241</b>	<b>87,834</b>	<b>81,838</b>
<b>Non-current assets</b>					
Trade and other receivables	16	102,556	–	–	–
Available-for-sale financial assets	17	4,599	4,890	–	–
Club memberships	18	280	311	48	82
Investments in associated companies	19	4,185	4,854	–	–
Investments in subsidiaries	20	–	–	372,778	372,298
Investment properties	21	14,675	10,579	–	–
Property, plant and equipment	22	2,527,363	2,307,323	393	530
Intangible assets	23	9,536	9,583	–	–
Deferred expenditure	24	2,799	2,980	–	–
Deferred income tax assets	28	140,598	236,932	–	–
		<b>2,806,591</b>	<b>2,577,452</b>	<b>373,219</b>	<b>372,910</b>
<b>Total assets</b>		<b>9,780,727</b>	<b>10,354,693</b>	<b>461,053</b>	<b>454,748</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	25	2,095,706	2,417,472	17,585	17,497
Current income tax liabilities		9,877	7,645	2,174	2,279
Borrowings	26	4,297,091	3,985,918	–	–
Provisions	27	38,949	56,500	–	–
		<b>6,441,623</b>	<b>6,467,535</b>	<b>19,759</b>	<b>19,776</b>
<b>Non-current liabilities</b>					
Borrowings	26	3,018,327	2,546,887	–	–
Deferred income tax liabilities	28	263	288	–	–
		<b>3,018,590</b>	<b>2,547,175</b>	<b>–</b>	<b>–</b>
<b>Total liabilities</b>		<b>9,460,213</b>	<b>9,014,710</b>	<b>19,759</b>	<b>19,776</b>
<b>NET ASSETS</b>		<b>320,514</b>	<b>1,339,983</b>	<b>441,294</b>	<b>434,972</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	29	270,608	270,608	270,608	270,608
Statutory and other reserves	30	311,859	328,838	45,105	45,105
(Accumulated loss)/retained earnings		(246,407)	222,586	125,581	119,259
		<b>336,060</b>	<b>822,032</b>	<b>441,294</b>	<b>434,972</b>
<b>Non-controlling interests</b>		<b>(15,546)</b>	<b>517,951</b>	<b>–</b>	<b>–</b>
<b>Total equity</b>		<b>320,514</b>	<b>1,339,983</b>	<b>441,294</b>	<b>434,972</b>

The accompanying notes form an integral part of these financial statements.

## APPENDIX C2 — AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE OFFEROR FOR FY2016

Financial Statements

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

Note	← Attributable to equity holders of the Company →					
	Share capital \$'000	Statutory and other reserves \$'000	(Accumulated loss)/ retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>2016</b>						
<b>Beginning of financial year</b>	<b>270,608</b>	<b>328,838</b>	<b>222,586</b>	<b>822,032</b>	<b>517,951</b>	<b>1,339,983</b>
Total comprehensive loss for the year	–	(19,626)	(466,499)	(486,125)	(530,462)	(1,016,587)
Dividend declared by subsidiaries to non-controlling interests of subsidiaries	–	–	–	–	(1,494)	(1,494)
Transfer from retained earnings to statutory reserves	30(b)(ii)	–	2,494	(2,494)	–	–
Changes in ownership interests in subsidiaries - acquisition of additional interests in subsidiaries	30(b)(v)	–	153	–	153	(1,541)
<b>End of financial year</b>	<b>270,608</b>	<b>311,859</b>	<b>(246,407)</b>	<b>336,060</b>	<b>(15,546)</b>	<b>320,514</b>
<b>2015</b>						
<b>Beginning of financial year</b>	<b>270,608</b>	<b>284,328</b>	<b>812,819</b>	<b>1,367,755</b>	<b>861,750</b>	<b>2,229,505</b>
Total comprehensive income/ (loss) for the year	–	35,181	(569,958)	(534,777)	(326,788)	(861,565)
Dividend declared by subsidiaries to non-controlling interests of subsidiaries	–	–	–	–	(16,114)	(16,114)
Dividend for 2015	31	–	–	(11,196)	–	(11,196)
Transfer from retained earnings to statutory reserves	30(b)(ii)	–	9,079	(9,079)	–	–
Changes in ownership interests in subsidiaries - acquisition of additional interests in subsidiaries	30(b)(v)	–	250	–	250	(897)
<b>End of financial year</b>	<b>270,608</b>	<b>328,838</b>	<b>222,586</b>	<b>822,032</b>	<b>517,951</b>	<b>1,339,983</b>

*The accompanying notes form an integral part of these financial statements.*

## APPENDIX C2 — AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE OFFEROR FOR FY2016

Financial Statements

### CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2016

	Note	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>			
Net loss		(976,084)	(914,835)
Adjustments for:			
- Amortisation of deferred expenditure		87	90
- Depreciation of property, plant and equipment and investment properties		143,594	150,005
- Dividend income		(729)	(2,015)
- Income tax expense		98,319	13,669
- Interest expense		224,784	166,925
- Interest income		(27,888)	(34,320)
- Allowance for expected losses recognised on construction contracts		73,449	61,782
- Write-down of inventories		283,379	309,304
- Loss on disposal of a transferable club membership		33	-
- Allowance for impairment of property, plant and equipment		11,013	-
- Net allowance for impairment of trade and other receivables		180,282	380,306
- Loss/(gain) on disposal of property, plant and equipment		2,089	(90)
- Share of loss/(profit) of associated companies		250	(30)
- Write-off of property, plant and equipment		360	239
- Exchange differences		238,741	33,672
		<b>251,679</b>	<b>164,702</b>
Changes in working capital:			
- Inventories and construction contract work-in-progress		70,804	(69,467)
- Trade and other receivables		(343,158)	(1,022,479)
- Trade and other payables		(401,343)	(283,831)
- Other current assets		3,646	5,892
- Provisions for other liabilities		(17,551)	334
Cash used in operations		<b>(435,923)</b>	<b>(1,204,849)</b>
Income tax paid		<b>(2,513)</b>	<b>(26,579)</b>
<b>Net cash used in operating activities</b>		<b>(438,436)</b>	<b>(1,231,428)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(26,070)	(151,457)
Proceeds from disposal of a transferable club membership		1	-
Proceeds from disposal of property, plant and equipment		3,040	8,788
Cash outflow to non-controlling interests on acquisition of additional interests in subsidiaries		(1,388)	(647)
Dividends received		776	2,212
Interest received		21,733	42,332
<b>Net cash used in investing activities</b>		<b>(1,908)</b>	<b>(98,772)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		5,352,000	4,200,628
Repayments of borrowings		(4,709,631)	(2,724,152)
(Increase)/decrease in bank deposits pledged		(129)	1,471
Interest paid		(216,730)	(173,641)
Dividends paid to equity holders of the Company		-	(11,196)
Dividends paid to non-controlling interests of subsidiaries		(2,603)	(1,942)
<b>Net cash provided by financing activities</b>		<b>422,907</b>	<b>1,291,168</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(17,437)</b>	<b>(39,032)</b>
Cash and cash equivalents at beginning of financial year		1,569,004	1,557,484
Effects of currency translation on cash and cash equivalents		(33,169)	50,552
<b>Cash and cash equivalents at end of financial year</b>	11	<b>1,518,398</b>	<b>1,569,004</b>

*The accompanying notes form an integral part of these financial statements.*

## **NOTES TO THE** **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### **1. General information**

COSCO Corporation (Singapore) Limited (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 30 Cecil Street, Prudential Tower, #26-01, Singapore 049712.

The principal activities of the Company are those of investment holding. The principal activities of its subsidiaries are set out in Note 20 to the financial statements.

### **2. Significant accounting policies**

#### **2.1 Basis of preparation**

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

#### ***Interpretations and amendments to published standards effective in 2016***

On 1 January 2016, the Group adopted the new or amended FRS and Interpretations of FRS (“INT FRS”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

## ••• NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

### **2. Significant accounting policies** (continued)

#### **2.2 Revenue recognition**

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Rendering of services*

(i) *Ship repair, ship building and marine engineering*

Revenue from ship repair, ship building, marine engineering, container repairs and services, fabrication work services and production of marine outfitting components is recognised on the percentage-of-completion method based on progress of the contract work, where the outcome of the contract can be estimated reliably. If the contract covers a number of projects and the cost and revenue of such individual projects can be identified within the terms of the overall contract, each such project is treated as a separate contract. Provision is made in full where applicable for expected losses on contracts in progress. Please refer to Note 2.7 "Construction contracts" for the accounting policy on revenue from construction contracts for ship building and marine engineering.

(ii) *Charter hire*

Revenue from time charter is recognised on a straight-line basis over the period of the time charter agreement.

Revenue from voyage charter is recognised rateably over the estimated length of the voyage within the reporting period and ends in the subsequent reporting period.

The Group determines the percentage of completion of voyage freight using the discharge-to-discharge method. Under this method, voyage revenue is recognised rateably over the period from the departure of a vessel from its original discharge port to departure from the next discharge port.

Demurrage is included if a claim is considered probable. Losses arising from time or voyage charters are provided for as soon as they are anticipated.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

### 2. Significant accounting policies (continued)

#### 2.2 Revenue recognition (continued)

(b) *Rental income*

Rental income from operating leases is recognised on a straight-line basis over the lease term.

(c) *Sale of scrap materials*

Income from sale of scrap materials is recognised when the products have been delivered to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

(d) *Interest income*

Interest income is recognised using the effective interest method.

(e) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

#### 2.3 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

## ••• NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

### 2. Significant accounting policies (continued)

#### 2.3 Group accounting (continued)

##### (a) Subsidiaries (continued)

##### (ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to Note 2.5 "Intangible assets - Goodwill" for the subsequent accounting policy on goodwill.

##### (iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.9 "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

## **NOTES TO THE** **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2016

### **2. Significant accounting policies** (continued)

#### **2.3 Group accounting** (continued)

##### *(b) Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

##### *(c) Associated companies*

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

##### *(i) Acquisitions*

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

##### *(ii) Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses in profit or loss and its share of movements of its associated companies' other comprehensive income in other comprehensive income. Dividends received or receivable from the associated companies are recognised as reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

## ••• NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

### 2. Significant accounting policies (continued)

#### 2.3 Group accounting (continued)

(c) *Associated companies* (continued)

(iii) *Disposals*

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

#### 2.4 Property, plant and equipment

(a) *Measurement*

(i) *Land and buildings*

Land and buildings are initially recognised at cost. Buildings and leasehold land are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Motor vessels*

Motor vessels are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of motor vessels includes actual interest incurred on borrowings used to finance the motor vessels while under construction and other direct relevant expenditure incurred in bringing the vessels into operation. For this purpose, the interest rate applied to funds provided for constructing the motor vessels is arrived at by reference to the actual rate payable on borrowings for construction purposes. The capitalisation of interest charges will cease upon the completion and delivery of the motor vessels.

(iii) *Other property, plant and equipment*

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iv) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (Note 2.6). The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if such obligation is incurred either when the item is acquired or as a consequence of using the asset during a particular period for purposes other than to produce inventories during that period.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

### 2. Significant accounting policies (continued)

#### 2.4 Property, plant and equipment (continued)

##### (b) Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land and buildings	10 - 50 years
Office renovations, furniture, fixtures and equipment	3 - 5 years
Plant, machinery and equipment	3 - 20 years
Motor vehicles	5 - 10 years
Motor vessels	25 years
Docks and quays	40 - 50 years

No depreciation is provided for construction-in-progress.

The motor vessels are subject to overhauls at regular intervals. The inherent components of the initial overhaul are determined based on the estimated costs of the next overhaul and are separately depreciated over a period of two and a half years in order to reflect the estimated intervals between two overhauls. The costs of the overhauls subsequently incurred are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss.

On 1 October 2016, the estimated useful life of motor vessels was changed from 20 years to 25 years which is considered to be economically more realistic. The change in accounting estimate has been applied prospectively subsequent to that date. Accordingly, the adoption of the change in accounting estimate has no effect in prior years. The net book value of property, plant and equipment as at 31 December 2016 had been increased by approximately \$876,000 and the loss before income tax for the financial year ended 31 December 2016 had been decreased by approximately \$876,000 by way of a decrease in depreciation charge for the financial year as a result of the change. The impact of the change in estimated useful lives for the next five years are as follows:

	FY2017	FY2018	FY2019	FY2020	FY2021
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>					
Decrease in depreciation expense and increase in profit/(loss) before income tax	2,513	2,486	1,297	452	471

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

## ••• NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

### **2. Significant accounting policies** (continued)

#### **2.4 Property, plant and equipment** (continued)

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “other gains and losses”.

#### **2.5 Intangible assets**

*Goodwill on acquisitions*

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisition of associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold.

#### **2.6 Borrowing costs**

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to borrowings acquired specifically for the construction of motor vessels, docks and quays. The actual borrowing costs incurred during the construction period less any investment income on temporary investments of these borrowings, are capitalised in the cost of the docks and quays.

## **NOTES TO THE** **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2016

### **2. Significant accounting policies** (continued)

#### **2.7 Construction contracts**

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date (“percentage-of-completion method”). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim and they are capable of being reliably measured.

The stage of completion is measured by reference to the completion of a physical proportion of the contract work. Costs incurred during the financial year in connection with future activity on a contract are shown as “construction contract work-in-progress” on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within “trade and other receivables”. Where progress billings exceed cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within “trade and other payables”.

Progress billings not yet paid by customers and retentions by customers are included within “trade and other receivables”. Advances received are included within “trade and other payables”.

#### **2.8 Investment properties**

Investment properties include those portions of office buildings that are held for long-term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method to allocate the depreciable amounts over the estimated useful lives of 10 to 50 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

## ••• NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

### **2. Significant accounting policies** (continued)

#### **2.9 Investments in subsidiaries**

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

#### **2.10 Impairment of non-financial assets**

(a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually, and whenever there is indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in associated company is tested for impairment as part of the investment, rather than separately.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating unit ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Property, plant and equipment*  
*Investment properties*  
*Investments in subsidiaries and associated companies*

Property, plant and equipment, investment properties and investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

### 2. Significant accounting policies (continued)

#### 2.10 Impairment of non-financial assets (continued)

- (b) *Property, plant and equipment*  
*Investment properties*  
*Investments in subsidiaries and associated companies (continued)*

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

#### 2.11 Financial assets

- (a) *Classification*

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

- (i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 12 and 16) and "cash and cash equivalents" (Note 11) and "other current assets - deposits" (Note 15) on the balance sheet.

- (ii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

## ••• NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

### **2. Significant accounting policies** (continued)

#### **2.11 Financial assets** (continued)

##### *(b) Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

##### *(c) Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

##### *(d) Subsequent measurement*

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

## **NOTES TO THE** **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2016

### **2. Significant accounting policies** (continued)

#### **2.11 Financial assets** (continued)

(e) *Impairment*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) *Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) *Available-for-sale financial assets*

In addition to the objective evidence of impairment described in Note 2.11(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent period.

#### **2.12 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

## ••• NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

### **2. Significant accounting policies** (continued)

#### **2.13 Financial guarantees**

The Company issues corporate guarantees to banks for borrowings of its subsidiaries and third parties for services provided to a subsidiary. These guarantees are financial guarantees as they require the Company to reimburse the banks and third parties if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

The Company does not have any financial guarantees for the current and previous financial year.

#### **2.14 Borrowings**

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

#### **2.15 Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

### 2. Significant accounting policies (continued)

#### 2.16 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of currency forwards are determined using actively quoted forward exchange rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

#### 2.17 Leases

(a) *When the Group is the lessee:*

The Group leases certain property, plant and equipment from non-related parties.

*Lessee - Operating leases*

Leases of property, plant and equipment where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(b) *When the Group is the lessor:*

The Group leases certain items of property, plant and equipment and investment properties to non-related parties and related parties.

*Lessor - Operating leases*

Leases of property, plant and equipment and investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

## ••• NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

### 2. Significant accounting policies (continued)

#### 2.18 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

#### 2.19 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

## **NOTES TO THE** **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2016

### **2. Significant accounting policies** (continued)

#### **2.20 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The Group recognises the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on estimates by technical engineers and historical experience of the level of repairs and replacements.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

#### **2.21 Employee compensation**

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

##### *(a) Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund and social security plans in the People's Republic of China ("PRC") on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

##### *(b) Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

##### *(c) Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

## ••• NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

### **2. Significant accounting policies** (continued)

#### **2.21 Employee compensation** (continued)

(c) *Share-based compensation* (continued)

When the options are exercised, the proceeds received (net of transaction costs) are credited to share capital account when new ordinary shares are issued.

#### **2.22 Currency translation**

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars ("S\$"), which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that impact profit or loss are presented in profit or loss within "other gains and losses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

### 2. Significant accounting policies (continued)

#### 2.22 Currency translation (continued)

##### (c) Translation of Group entities' financial statements (continued)

- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. The currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

#### 2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

#### 2.24 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value and bank overdrafts and exclude pledged deposits with financial institutions. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

#### 2.25 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

#### 2.26 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

#### 2.27 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

**APPENDIX C3 — UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE OFFEROR FOR 3QFY2017**



COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.  
(Company Registration no:- 196100159G)

Unaudited Third Quarter Financial Statement Announcement for the Financial Period Ended 30 September 2017

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

(i) Consolidated Income Statement

	Group					
	Q3 2017 S\$'000	Q3 2016 S\$'000 (restated)	Change %	YTD 2017 S\$'000	YTD 2016 S\$'000 (restated)	Change %
<b>Continuing operations</b>						
Turnover	6,997	9,859	(29)	29,201	29,412	(1)
Cost of sales	(7,120)	(12,245)	(42)	(26,780)	(40,850)	(34)
Gross (loss)/profit	(123)	(2,386)	(95)	2,421	(11,438)	(121)
Other income [1]	406	321	26	1,289	979	32
Other gains and losses [1]	(41)	970	NM	(17,510)	(3,434)	410
Expenses						
- Distribution	(72)	(177)	(59)	(127)	(323)	(61)
- Administrative	(4,135)	(3,425)	21	(9,652)	(8,633)	12
Loss before income tax [2]	(3,965)	(4,697)	(16)	(23,579)	(22,849)	3
Income tax expense [3]	(172)	(139)	24	(333)	(424)	(21)
<b>Loss from continuing operations</b>	(4,137)	(4,836)	(14)	(23,912)	(23,273)	3
<b>Discontinued operations</b>						
Profit/(loss) from discontinued operations [4]	23,570	(249,290)	NM	(133,685)	(295,443)	(55)
<b>Profit/(loss) for the period</b>	19,433	(254,126)	NM	(157,597)	(318,716)	(51)
<b>Profit/(loss) attributable to: Equity holders of the Company</b>	<b>24,769</b>	<b>(102,339)</b>	<b>NM</b>	<b>(74,971)</b>	<b>(153,539)</b>	<b>(51)</b>
Non-controlling interests	(5,336)	(151,787)	(96)	(82,626)	(165,177)	(50)
Profit/(loss) for the period	19,433	(254,126)	NM	(157,597)	(318,716)	(51)

**APPENDIX C3 — UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE OFFEROR FOR 3QFY2017**

	Group					
	Q3 2017	Q3 2016 (restated)	Change %	YTD 2017	YTD 2016 (restated)	Change %
<b>Earnings per share for profit/(loss) from continuing and discontinued operations attributable to the equity holders of the Company</b> (expressed in cents per share)						
Basic and diluted earnings per share:						
- from continuing operations	(0.19)	(0.22)	(14)	(1.07)	(1.05)	2
- from discontinued operations	1.29	(4.35)	NM	(2.27)	(5.81)	(61)

NM denotes not meaningful.

**(ii) Consolidated Statement of Comprehensive Income**

	Group					
	Q3 2017 S\$'000	Q3 2016 S\$'000 (restated)	Change %	YTD 2017 S\$'000	YTD 2016 S\$'000 (restated)	Change %
<b>Profit/(loss) for the period</b>	19,433	(254,126)	NM	(157,597)	(318,716)	(51)
<b>Other comprehensive income/(loss):</b> Items that may be reclassified subsequently to profit or loss:						
Available-for-sale financial assets						
- Fair value gain/(loss)	13	(7)	NM	46	(78)	NM
Currency translation differences arising from consolidation	2,152	15,270	(86)	105	(62,799)	NM
<b>Total comprehensive income/(loss) for the period</b>	21,598	(238,863)	NM	(157,446)	(381,593)	(59)
<b>Total comprehensive Income/(loss) attributable to:</b>						
<b>Equity holders of the Company</b>	<b>26,060</b>	<b>(95,007)</b>	NM	<b>(78,144)</b>	<b>(189,480)</b>	(59)
Non-controlling interests	(4,462)	(143,856)	(97)	(79,302)	(192,113)	(59)
Total comprehensive income/(loss)	21,598	(238,863)	NM	(157,446)	(381,593)	(59)

NM denotes not meaningful.

**APPENDIX C3 — UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE OFFEROR FOR 3QFY2017**

(iii) **Breakdown and Explanatory Notes to Consolidated Income Statement**

[1] Other income and Other gains and losses comprise the following:

	Group					
	Q3 2017 S\$'000	Q3 2016 S\$'000 (restated)	Change %	YTD 2017 S\$'000	YTD 2016 S\$'000 (restated)	Change %
<b>Continuing operations</b>						
Government grants	2	5	(60)	32	49	(35)
Interest income	229	189	21	748	575	30
Rental income	166	117	42	492	306	61
Sale of scrap materials	3	6	(50)	4	39	(90)
Sundry income	6	4	50	13	10	30
Other income	406	321	26	1,289	979	32
Foreign exchange (loss)/gain	(250)	558	NM	(2,932)	(3,540)	(17)
Gain/(loss) on disposal of property, plant and equipment	159	-	NM	(14,814)	-	NM
Gain on sale of bunker stock	50	412	(88)	236	106	123
Other gains and losses	(41)	970	NM	(17,510)	(3,434)	410

[2] Profit/(Loss) before income tax is arrived at after (charging)/crediting:

	Group					
	Q3 2017 S\$'000	Q3 2016 S\$'000 (restated)	Change %	YTD 2017 S\$'000	YTD 2016 S\$'000 (restated)	Change %
<b>Continuing Operations</b>						
Amortisation of deferred expenditure	(10)	(10)	-	(28)	(28)	-
Depreciation of property, plant and equipment and investment properties	(1,241)	(3,299)	(62)	(4,353)	(10,460)	(58)
Property, plant and equipment written off	-	(69)	(100)	-	(359)	(100)

[3] Adjustment for under provision of tax in respect of prior years:

	Group					
	Q3 2017 S\$'000	Q3 2016 S\$'000 (restated)	Change %	YTD 2017 S\$'000	YTD 2016 S\$'000 (restated)	Change %
Income tax	-	-	-	(1)	-	NM

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[4] The Group has obtained shareholders' approval at an Extraordinary General Meeting held on 30 August 2017 to sell 51% equity interest in COSCO Shipyard Group Co., Ltd, 50% equity interest in COSCO (Nantong) Shipyard Co., Ltd and 39.1% equity interest in COSCO (Dalian) Shipyard Co., Ltd. (collectively "the Group's shipyard business in China"). As a result, the entire assets and liabilities related to the Group's shipyard business in China are classified as a disposal group held-for sale on the balance sheet, and the entire results from the Group's shipyard business in China are presented separately on the Consolidated Income Statement as "Discontinued operations". The transaction is expected to be completed by Q4 2017.

The results of the discontinued operations of the Group's shipyard business in China are as follows:

	Group					
	Q3 2017 S\$'000	Q3 2016 S\$'000 (restated)	Change %	YTD 2017 S\$'000	YTD 2016 S\$'000 (restated)	Change %
Turnover	521,188	652,483	(20)	1,425,560	2,118,140	(33)
Cost of sales	(448,572)	(600,771)	(25)	(1,392,551)	(1,956,565)	(29)
Gross profit/(loss)	72,616	51,712	40	33,009	161,575	(80)
Other income [i]	22,486	19,573	15	55,017	47,443	16
Other gains and losses [i]	(32,731)	(6,499)	404	(29,623)	(12,586)	135
Expenses						
- Distribution	(9,854)	(13,461)	(27)	(31,906)	(45,675)	(30)
- Administrative [ii]	24,035	(292,830)	NM	8,503	(335,734)	NM
- Finance	(53,722)	(55,901)	(4)	(171,076)	(168,182)	2
Share of (loss)/profit of associated companies	(71)	72	NM	(233)	129	NM
Profit/(loss) before income tax [iii]	22,759	(297,334)	NM	(136,309)	(353,030)	(61)
Income tax credit [iv]	811	48,044	(98)	2,624	57,587	(95)
<b>Profit/(loss) from discontinued operations</b>	<b>23,570</b>	<b>(249,290)</b>	<b>NM</b>	<b>(133,685)</b>	<b>(295,443)</b>	<b>(55)</b>

[i] Other income and Other gains and losses of discontinued operations comprise the following:

	Group					
	Q3 2017 S\$'000	Q3 2016 S\$'000 (restated)	Change %	YTD 2017 S\$'000	YTD 2016 S\$'000 (restated)	Change %
Dividend income	30	31	(3)	30	31	(3)
Government grants	5,410	3,283	65	9,138	5,251	74
Interest income	6,041	5,637	7	20,453	17,238	19
Rental income	1,099	1,195	(8)	4,462	2,671	67
Sale of scrap materials	7,859	3,847	104	16,364	13,808	19
Sundry income	2,047	5,580	(63)	4,570	8,444	(46)
Other income	22,486	19,573	15	55,017	47,443	16
Foreign exchange loss	(32,264)	(6,525)	394	(29,441)	(12,643)	133
(Loss)/gain on disposal of property, plant and equipment	(467)	26	NM	(182)	57	NM
Other gains and losses	(32,731)	(6,499)	404	(29,623)	(12,586)	135

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[ii] Administrative expenses of discontinued operations include:

	Group					
	Q3 2017 S\$'000	Q3 2016 S\$'000 (restated)	Change %	YTD 2017 S\$'000	YTD 2016 S\$'000 (restated)	Change %
Net reversal of/(allowance for) impairment of trade and other receivable	49,948	(261,700)	NM	93,470	(245,724)	NM

[iii] Profit/(loss) from discontinued operations is arrived at after (charging)/crediting:

	Group					
	Q3 2017 S\$'000	Q3 2016 S\$'000 (restated)	Change %	YTD 2017 S\$'000	YTD 2016 S\$'000 (restated)	Change %
<u>Discontinued operations</u>						
Interest on borrowings	(53,722)	(55,901)	(4)	(171,076)	(168,182)	2
Amortisation of deferred expenditure	(11)	(11)	-	(36)	(37)	(3)
Depreciation of property, plant and equipment and investment properties	(35,131)	(31,824)	10	(106,583)	(98,999)	8
Net reversal of /(allowance for) impairment of receivable and other receivables	49,948	(261,700)	NM	93,470	(245,724)	NM
Write-down of inventories	(6,887)	(510)	1,250	(47,767)	(6,982)	584
Allowance for expected losses recognised on construction contracts	(68,326)	(42,119)	62	(183,825)	(60,200)	205

[iv] Adjustments for over provision of tax of discontinued operations in respect of prior years:

	Group					
	Q3 2017 S\$'000	Q3 2016 S\$'000 (restated)	Change %	YTD 2017 S\$'000	YTD 2016 S\$'000 (restated)	Change %
Income tax	-	1,953	(100)	(34)	1,538	NM
Deferred tax	-	2,422	(100)	121	2,635	(95)

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1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30/09/2017 S\$'000	31/12/2016 S\$'000	30/09/2017 S\$'000	31/12/2016 S\$'000
<b>Current assets</b>				
Cash and cash equivalents	129,830	1,520,375	36,356	29,868
Trade and other receivables	8,943	4,531,947	42,578	57,866
Inventories	242	835,582	-	-
Construction contract work-in-progress	-	72,408	-	-
Income tax receivables	-	1,933	-	-
Other current assets	355	11,891	160	100
	139,370	6,974,136	79,094	87,834
Non-current asset classified as held-for-sale [1]	-	-	246,139	-
Asset of disposal group classified as held-for-sale [2]	8,689,361	-	-	-
	8,828,731	6,974,136	325,233	87,834
<b>Non-current assets</b>				
Trade and other receivables	-	102,556	-	-
Available-for-sale financial assets	-	4,599	-	-
Club memberships	148	280	34	48
Investments in associated companies	-	4,185	-	-
Investments in subsidiaries	-	-	126,639	372,778
Investment properties	13,763	14,675	-	-
Property, plant and equipment	52,858	2,527,363	206	393
Intangible assets	-	9,536	-	-
Deferred expenditure	776	2,799	-	-
Deferred income tax assets	-	140,598	-	-
	67,545	2,806,591	126,879	373,219
<b>Total assets</b>	8,896,276	9,780,727	452,112	461,053
<b>Current liabilities</b>				
Trade and other payables	15,273	2,095,706	17,646	17,585
Current income tax liabilities	582	9,877	2,133	2,174
Borrowings	-	4,297,091	-	-
Provision for other liabilities	338	38,949	-	-
	16,193	6,441,623	19,779	19,759
Liabilities directly associated with disposal group classified as held-for-sale [3]	8,716,982	-	-	-
	8,733,175	6,441,623	19,779	19,759
<b>Non-current liabilities</b>				
Borrowings	-	3,018,327	-	-
Deferred income tax liabilities	133	263	-	-
	133	3,018,590	-	-
<b>Total liabilities</b>	8,733,308	9,460,213	19,779	19,759
<b>Net assets</b>	162,968	320,514	432,333	441,294

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	Group		Company	
	30/09/2017 S\$'000	31/12/2016 S\$'000	30/09/2017 S\$'000	31/12/2016 S\$'000
<b>Equity</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	270,608	270,608	270,608	270,608
Statutory and other reserves (Accumulated losses)/retained earnings [4]	308,819	311,859	45,105	45,105
	(321,511)	(246,407)	116,620	125,581
	257,916	336,060	432,333	441,294
<b>Non-controlling interests</b>	(94,948)	(15,546)	-	-
<b>Total equity</b>	162,968	320,514	432,333	441,294

**Notes on disposal group classified as held-for-sale**

[1] Details of assets in non-current asset classified as held-for-sale are follows:

	<b>Company</b> <b>30/09/2017</b> <b>S\$'000</b>
Investment in subsidiaries	246,139

[2] Details of the assets in disposal group classified as held-for-sale are as follows:

	<b>Group</b> <b>30/9/2017</b> <b>S\$'000</b>
Cash and cash equivalents	1,128,134
Trade and other receivables	3,760,097
Inventories	1,211,059
Construction contract work-in-progress	153,931
Income tax receivables	706
Other current assets	5,832
Available-for-sale financial assets	4,572
Investments in associated companies	3,873
Investment properties	3,448
Property, plant and equipment	2,262,340
Intangible assets	9,517
Deferred expenditure	1,921
Deferred income tax assets	143,931
	<u>8,689,361</u>



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[3] Details of the liabilities directly associated with disposal group classified as held-for-sale are as follows:

	<b>Group 30/9/2017 S\$'000</b>
Trade and other payables	1,995,431
Current income tax liabilities	3,023
Borrowings	6,602,026
Provision for other liabilities	116,359
Deferred income tax liabilities	143
	8,716,982

[4]

	<b>Group</b>	
	<b>30/09/2017 S\$'000</b>	<b>31/12/2016 S\$'000</b>
Cummulative income recognised in other comprehensive income relating to disposal group classified as held-for-sale are as follows:		
- Currency translation differences	79,952	74,437
- Fair value gain for available-for-sale financial assets	231	208
	231	208

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

<b>As at 30/09/2017</b>		<b>As at 31/12/2016</b>	
<b>Secured S\$</b>	<b>Unsecured S\$</b>	<b>Secured S\$</b>	<b>Unsecured S\$</b>
429,773,000	3,395,731,000	1,639,115,000	2,657,976,000

**Amount repayable after one year**

<b>As at 30/09/2017</b>		<b>As at 31/12/2016</b>	
<b>Secured S\$</b>	<b>Unsecured S\$</b>	<b>Secured S\$</b>	<b>Unsecured S\$</b>
-	2,776,522,000	-	3,018,327,000

The aggregate amount of group's borrowings totalling \$6,602,026,000 has been included in the liabilities directly associated with disposal group classified as held-for-sale.

**Details of any collateral**

The collaterals for secured borrowings comprise the Group's trade receivables with net book value totalling \$442,638,000 (2016: \$1,631,264,000).

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- 1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group	
	Q3 2017 S\$'000	Q3 2016 S\$'000
<u>Cash flows from operating activities</u>		
Profit/(loss) for the period	19,433	(254,126)
Adjustments for:		
Income tax expense	(639)	(47,905)
Share of results of associated companies	71	(72)
Amortisation of deferred expenditure	21	21
Depreciation of property, plant and equipment and investment properties	36,372	35,123
Net (reversal)/allowance for impairment of trade and other receivables	(49,948)	261,700
Write-down of inventories	6,887	510
Loss/(gain) on disposal of property, plant and equipment	308	(26)
Allowance for expected losses recognised on construction contracts	68,326	42,119
Write-off of property, plant and equipment	-	69
Loss on disposal of club memberships	42	-
Dividend income	(30)	(31)
Interest expense	53,722	55,901
Interest income	(6,270)	(5,826)
Exchange differences	(36,107)	96,599
	92,188	184,056
Changes in working capital:		
Inventories and construction contract work-in-progress	(61,452)	(164,854)
Trade and other receivables	(21,848)	(127,560)
Trade and other payables	(199,416)	21,835
Other current assets	6,440	2,818
Provision for other liabilities	75,488	96
Cash used in operations	(108,600)	(83,609)
Income tax paid	2,350	669
<b>Net cash used in operating activities</b>	<b>(106,250)</b>	<b>(82,940)</b>
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(2,689)	(4,303)
Proceeds from disposal of property, plant and equipment	439	184
Proceeds from disposal of club membership	41	-
Dividend received	30	31
Interest received	2,842	3,435
<b>Net cash provided by/(used in) investing activities</b>	<b>663</b>	<b>(653)</b>
<u>Cash flows from financing activities</u>		
Proceeds from borrowings	609,976	860,037
Repayments of borrowings	(542,806)	(1,264,148)
Decrease in bank deposits pledged	659	579
Interest paid	(57,748)	(58,894)
Dividends paid to minority shareholders of subsidiaries	-	(554)
<b>Net cash provided by/(used in) financing activities</b>	<b>10,081</b>	<b>(462,980)</b>

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	Group	
	Q3 2017 S\$'000	Q3 2016 S\$'000
<b>Net decrease in cash and cash equivalents</b>	(95,506)	(546,573)
Cash and cash equivalents at beginning of financial period	1,353,196	2,106,540
Effects of currency translation on cash and cash equivalents	(862)	30,876
<b>Cash and cash equivalents at end of financial period</b>	<b>1,256,828</b>	<b>1,590,843</b>
Included in cash and cash equivalents per the balance sheet	129,830	1,590,843
Included in the assets of the disposal group	1,126,998	-
<b>Cash and cash equivalents represented by:</b>		
Cash at bank and on hand	344,427	279,544
Short-term bank deposits	913,537	1,312,782
Less: Bank deposits pledged	(1,136)	(1,483)
	<b>1,256,828</b>	<b>1,590,843</b>

The impact of the discontinued operations on the cash flows of the Group is as follows:

	Group	
	Q3 2017 S\$'000	Q3 2016 S\$'000
Net cash used in operating activities	(106,878)	(83,097)
Net cash from/(used in) investing activities	516	(854)
Net cash from/(used in) financing activities	10,082	(462,980)
<b>Net cash outflows</b>	<b>(96,280)</b>	<b>(546,931)</b>

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- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital S\$'000	Statutory and other reserves S\$'000	Retained earnings S\$'000	Non- controlling interests S\$'000	Total S\$'000
<b>The Group</b>					
<b>At 1 July 2017</b>	270,608	307,395	(346,147)	(90,486)	141,370
Total comprehensive income/(loss) for the period	-	1,291	24,769	(4,462)	21,598
Transfer from retained earnings to statutory reserves	-	133	(133)	-	-
<b>At 30 September 2017</b>	<b>270,608</b>	<b>308,819</b>	<b>(321,511)</b>	<b>(94,948)</b>	<b>162,968</b>
<b>At 1 July 2016</b>	270,608	285,585	171,366	469,694	1,197,253
Total comprehensive income/(loss) for the period	-	7,332	(102,339)	(143,856)	(238,863)
Dividend declared by a subsidiary to non-controlling interests of a subsidiary	-	-	-	(1,500)	(1,500)
Transfer from retained earnings to statutory reserves	-	773	(773)	-	-
<b>At 30 September 2016</b>	<b>270,608</b>	<b>293,690</b>	<b>68,254</b>	<b>324,338</b>	<b>956,890</b>
<b>The Company</b>					
<b>At 1 July 2017</b>	270,608	45,105	120,052	-	435,765
Total comprehensive loss for the period	-	-	(3,432)	-	(3,432)
<b>At 30 September 2017</b>	<b>270,608</b>	<b>45,105</b>	<b>116,620</b>	<b>-</b>	<b>432,333</b>
<b>At 1 July 2016</b>	270,608	45,105	112,449	-	428,162
Total comprehensive loss for the period	-	-	(996)	-	(996)
<b>At 30 September 2016</b>	<b>270,608</b>	<b>45,105</b>	<b>111,453</b>	<b>-</b>	<b>427,166</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the issued and paid-up capital of the Company since the previous period reported on.

During Q3 2017, 330,000 share options granted under COSCO Group Employees' Share Option Scheme 2002 ("Scheme 2002") were lapsed.

The outstanding share options under the Scheme 2002 as at 30 September 2017 were 5,790,000 (30 September 2016: 9,650,000).

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- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 30 September 2017, share capital of the Company comprised 2,239,244,954 ordinary shares (31 December 2016: 2,239,244,954).

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Company does not have any treasury shares.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in Paragraph 5 below, the Group has adopted the same accounting policies and method of computation in the financial statements for the current financial period as compared with the audited financial statements for the financial year ended 31 December 2016.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group adopted the new/revised FRS that are effective for annual periods beginning on or after 1 January 2017. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS. The following are the new or amended FRS that are relevant to the Group:

- Improvements to Financial Reporting Standards (December 2016)
- Amendments to FRS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to FRS 7 Statement of Cash Flows: Disclosure Initiative

The adoption of the above amended FRS did not have any significant impact on the financial statements of the Group.

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6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group			
	Q3 2017	Q3 2016 (restated)	YTD 2017	YTD 2016 (restated)
(i) Based on the weighted average number of ordinary shares on issue (cents per share)	1.10	(4.57)	(3.34)	(6.86)
Weighted average number of ordinary shares('000)	2,239,245	2,239,245	2,239,245	2,239,245
(ii) On a fully diluted basis (cents per share)	1.10	(4.57)	(3.34)	(6.86)
Adjusted weighted average number of ordinary shares ('000)	2,239,245	2,239,245	2,239,245	2,239,245

**NOTES:**

Basic earnings per ordinary share is calculated by dividing the net profit/(loss) attributable to the equity holders of the Company over the weighted average number of ordinary shares outstanding during the financial period.

The fully diluted earnings per share is arrived at after taking into consideration the potential ordinary shares arising from the exercise of outstanding share options which would dilute the basic earnings per share. The outstanding share options do not have any dilutive effect on the earnings per share as the exercise prices for the outstanding share options were higher than the average market price during the current financial period reported on and the corresponding period of the immediately preceding financial year.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.**

	Group		Company	
	30/09/2017	31/12/2016	30/09/2017	31/12/2016
Net asset value per ordinary share (cents)	11.52	15.01	19.31	19.71

The net asset value per ordinary share is calculated based on the total number of issued shares of 2,239,244,954 (2016: 2,239,244,954).

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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

### **Q3 2017**

The group recorded net profit attributable to equity holders of \$24.8 million in Q3 2017.

#### Continuing Operations

The Group recorded net loss from continuing operations in dry bulk shipping and other businesses of \$4.1 million on turnover of \$7.0 million in Q3 2017.

Group turnover from continuing operations decreased by 29.0% to \$7.0 million in Q3 2017, from \$9.9 million in Q3 2016 mainly due to a decrease in shipping revenue from a smaller fleet of bulk carriers. Currently, the Group's dry bulk shipping fleet comprises 4 Handymax carriers, having scrapped six bulk carriers by the end of September 2017.

The Baltic Dry Index (BDI), which is a measure of shipping costs for commodities, started Q3 2017 at 901 points and ended the quarter at 1,356 points. In Q3 2017, the BDI averaged 1,134 points which is a 54.2% increase from the average of Q3 2016 of 735 points. While there has been some recovery, such recovery was made from a very low base and the BDI remains at a relatively low level.

Gross loss for Q3 2017 was \$0.1 million as compared to gross loss of \$2.4 million in Q3 2016 mainly due to some recovery in the relatively low charter rates of bulk carriers.

Other income comprised interest income and others. Compared to Q3 2016, other income increased by 26.5% to \$0.4 million in Q3 2017 mainly due to higher interest and rental income.

The Group recorded net loss of \$4.1 million from continuing operations, as compared to net loss of \$4.8 million in Q3 2016; and net profit of \$23.6 million from discontinued operations, as compared to net loss of \$249.3 million in Q3 2016.

#### Discontinued Operations

The Group recorded net profit from discontinued operations of \$23.6 million in Q3 2017. This relates to the Group's shipyard business in China.

### **First Nine Months 2017**

The group recorded net loss attributable to equity holders of \$75.0 million for the first nine months in 2017.

#### Continuing Operations

The Group recorded net loss from continuing operations in dry bulk shipping and other businesses of \$23.9 million on turnover of \$29.2 million for the first nine months in 2017.

Group turnover from continuing operations remain relatively unchanged at \$29.2 million for the first nine months in 2017 as compared to the corresponding period in 2016. Currently, the Group's dry bulk shipping fleet comprises 4 Handymax carriers, having scrapped six bulk carriers by the end of September 2017.

The Baltic Dry Index (BDI), which is a measure of shipping costs for commodities, started the year at 953 points and ended the period at 1,356 points. For the first nine months 2017, the BDI averaged 1,030 points which was a 80.1% increase from the average for the first nine months in 2016 of 572 points. While there has been some recovery, such recovery was made from a very low base and the BDI remains at a relatively low level.

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## APPENDIX C3 — UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE OFFEROR FOR 3QFY2017

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Gross profit for the first nine months in 2017 was \$2.4 million as compared to gross loss of \$11.4 million for the corresponding period in 2016 mainly due to some recovery in the relatively low charter rates of bulk carriers.

Other income comprised gain from interest income and others. Compared to first nine months in 2016, other income increased by 32.0% to \$1.2 million mainly due to higher interest and rental income.

Other losses increased by \$14.1 million to a loss of \$17.5 million for first nine months in 2017 mainly due to the loss on disposal of property, plant and equipment.

The Group recorded net loss of \$23.9 million from continuing operations for the first nine months in 2017, as compared to net loss of \$23.2 million for the corresponding period in 2016; and net loss of \$133.7 million from discontinued operations, as compared to net loss of \$295.4 million for the corresponding period in 2016.

### Discontinued Operations

The Group recorded net loss from discontinued operations of \$133.7 million for first nine months in 2017. This relates to the Group's shipyard business in China.

### **Balance Sheet**

(30 September 2017 vs 31 December 2016)

The Group has obtained shareholders' approval at an Extraordinary General Meeting held on 30 August 2017 to sell 51% equity interest in COSCO Shipyard Group Co., Ltd, 50% equity interest in COSCO (Nantong) Shipyard Co., Ltd and 39.1% equity interest in COSCO (Dalian) Shipyard Co., Ltd. (collectively the Group's shipyard business in China). As a result, the entire assets and liabilities related to the Group's shipyard business in China are classified as a disposal group held-for-sale on the balance sheet, and the entire results from the Group's shipyard business in China are presented separately on the Consolidated Income Statement as "Discontinued operations". The transaction is expected to be completed by Q4 2017.

### **Cash Flow**

Net cash used in operating activities for the quarter was \$106.3 million compared to net cash used in operating activities of \$82.9 million in Q3 2016.

Net cash provided by investing activities for the quarter was \$0.7 million. This comprised principally the interest received and proceeds from the disposal of assets and partially offset by purchase of property, plant and equipment during the quarter.

Net cash provided by financing activities was \$10.0 million. This was mainly due to net repayments of bank borrowings and interest paid during the quarter.

Please refer to Note 1(c) Cash Flow Statement for more details.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.



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## APPENDIX C3 — UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE OFFEROR FOR 3QFY2017

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10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The world dry bulk shipping market is still seeing excess tonnage and overall weak macroeconomic conditions. In Q3 2017 as comparison to same period last year, there has been some recovery, but such recovery was made from a very low base and the BDI remains at a relatively low level. The Baltic Dry Index (BDI) averaged 1134 points in Q3 2017, an increase of 54.2% from the average of 735 points in Q3 2016. Given these prevailing market conditions, any recovery in the dry bulk shipping segment will remain weak. Under such difficult market conditions and considering that the upkeep costs of the Group's dry bulk fleet will continue to increase, the Group has scrapped 6 dry bulk carriers by the end of September 2017.

On 5 May 2017, the Company entered into a conditional sale and purchase agreement with COSCO Shipping Heavy Industry Co., Ltd. in relation to the proposed disposal by the Company of its (a) 51% equity interest in COSCO Shipyard Group Co., Ltd.; (b) 50% equity interest in COSCO (Nantong) Shipyard Co., Ltd.; and (c) 39.1% equity interest in COSCO (Dalian) Shipyard Co., Ltd. for a total consideration of RMB1,465,822,955. The Company's shareholders approved the proposed disposal at an extraordinary general meeting held on 30 August 2017. The transaction is expected to be completed by Q4 2017.

The Company is currently working towards completing the proposed disposal as soon as possible. The Company intends to use the sale proceeds from the proposed disposal to fund future projects, which may include mergers and acquisitions, and for working capital requirements of the Group. In this regard, the Company's management has commenced and is actively reviewing potential investment opportunities, and the Company will provide updates as necessary at the appropriate time.

On 4 August 2017, the Company announced that it had entered into a non-binding Memorandum of Understanding with COSCO SHIPPING (South East Asia) Pte Ltd in relation to the proposed acquisition of approximately 40% of the issued shares of the issued and paid-up share capital of PT. Ocean Global Shipping (a company incorporated in Indonesia) by the Company. PT. Ocean Global Shipping's businesses include logistic service, container canvassing and management, ship agency and chartering and bunkering. On 3 November 2017, the Company announced that it had entered into a share sale and purchase agreement for the purchase of an approximately 40% stake in PT Ocean Global Shipping for a consideration of S\$13,953,370.86 payable in cash.

11. **Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? No

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? No

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

12. **If no dividend has been declared/recommendeded, a statement to that effect.**

No interim dividend has been declared/recommended by the Directors in Q3 2017.

**APPENDIX C3 — UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
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**13. Interested Person Transactions**

Pursuant to Rule 907 of the Listing Manual, the following interested person transactions were entered into during the financial period:

Name of interested person	Aggregate value of all interested person transaction during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	Q3 2017 S\$'000	YTD 2017 S\$'000	Q3 2017 S\$'000	YTD 2017 S\$'000
<u>Between Subsidiaries and:</u>				
Bright Sea Management Limited	-	-	413	582
Chimbusco Zhoushan Branch	-	-	1,504	4,479
China Marine Bunker (Dalian) Co., Ltd	-	-	4,141	8,177
China Marine Bunker Guangzhou Co., Ltd	-	-	705	857
China Ocean Shipping (Group) Company	-	-	-	842
China Shipping - Vastwin Engineering & Logistic Co., Ltd.	-	-	-	686
China Shipping Bulk Carrier Co., Ltd	-	353	593	1,433
China Shipping Industry (Jiangsu) Co., Ltd	-	-	1,103	1,611
China Shipping Industry (Shanghai Changxing) Co., Ltd	-	-	8,906	8,906
China Shipping Tanker Company Limited	-	-	2,291	3,338
Cosco (Cayman) Mercury Co., Ltd	-	-	197	310
Cosco (HK) Insurance Brokers Ltd	-	-	145	145
Cosco (HK) Investment & Development Co., Ltd	-	-	148	8,747
Cosco (HK) Shipping Co., Ltd	-	-	519	4,282
Cosco-Feoso (S) Pte Ltd	103	103	-	-
Cosco Bulk Carrier Co., Ltd	-	-	844	3,847
Cosco Bulk Tianjin Forwarding Co., Ltd	-	-	-	229
Cosco Finance Co., Ltd	-	-	265,317	633,055
COSCO Kansai Paint & Chemicals Co., Ltd	-	-	242	530
Cosco Logistic (GZ) Heavy Transportation	-	-	-	254
Cosco Logistics (Shanghai) Heavy Haulage Co., Ltd	-	-	-	3,277
Cosco Petroleum Pte Ltd	-	-	-	1,517
Cosco Shipping Bulk Co., Ltd	-	-	575	861
Cosco Shipping Development Co., Ltd	-	751	355	1,404
Cosco Shipping Ferry Co., Ltd	-	-	-	119
Cosco Shipping Lines Co., Ltd	-	-	182	7,158
Cosco Shipping Logistics Co., Ltd	-	-	184	184
Cosco Shipping Logistics Dalian Co., Ltd.	-	-	-	343
Cosco Shipping Specialized Carriers Co., Ltd	-	-	803	9,092
Cosco Shipping Tanker (Dalian) Co., Ltd	-	702	1,183	1,632
Cosco Shipping Tanker (Shanghai) Co., Ltd	-	104	871	871
Cosco Shipping Asphalt (Hainan) Co., Ltd (formerly known as "Cosco Southern Asphalt Shipping Co., Ltd")	-	-	-	226
Dapengwan Maritime Company Limited	-	-	377	377
Mulanwan Maritime Company Limited	-	-	308	308
Nantong Chimbusco Marine Bunker Co., Ltd	-	-	-	1,551

**APPENDIX C3 — UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE OFFEROR FOR 3QFY2017**

Name of interested person	Aggregate value of all interested person transaction during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	Q3 2017 S\$'000	YTD 2017 S\$'000	Q3 2017 S\$'000	YTD 2017 S\$'000
(continued)				
Nantong Cosco Heavy Industry Co., Ltd	-	-	1,829	3,661
Qingdao Manning Co-operation Ltd	-	-	429	1,668
Qingdao Ocean Shipping Company	-	-	480	902
Refined Success Limited	-	-	-	128
SDIC Shipping Development Co., Ltd	-	-	152	414
Shanghai Ocean Crew Co., Ltd	-	-	424	2,029
Yueliangwan Maritime Co., Limited	-	-	315	315
<b>Total</b>	<b>103</b>	<b>2,013</b>	<b>295,535</b>	<b>720,347</b>

	<b>As at 30/09/2017</b> S\$'000	<b>As at 31/12/2016</b> S\$'000
Balances placed with a fellow subsidiary, Cosco Finance Co., Ltd :		
- Cash at bank	90,103	323,576
- Short-term bank deposits	62,891	1,248
	<b>152,994</b>	<b>324,824</b>
Loan from a fellow subsidiary, Cosco Finance Co., Ltd	401,924	294,729

**14. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)**

The Company confirms that it has procured undertakings from all its directors and executive offices in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

Mr Gu Jing Song  
Vice Chairman and President  
3/11/2017

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**APPENDIX C3 — UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE OFFEROR FOR 3QFY2017**

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**CONFIRMATION BY THE BOARD**

We hereby confirm on behalf of the directors of the company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the company which may render the financial period ended 30 September 2017 financial results to be false or misleading.

On behalf of the directors

Mr Gu Jing Song  
Vice Chairman and President

Mr Tom Yee Lat Shing  
Director

3/11/2017

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## APPENDIX D — ADDITIONAL INFORMATION ON CHL

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### 1. DIRECTORS

The names, addresses and descriptions of the directors of CHL as at the Latest Practicable Date are as follows:

Name	Address	Description
Mr. Tan Yeow Khoon	c/o 1 Buroh Crescent #6M-01 Cogent 1.Logistics Hub Singapore 627545	Executive Chairman
Mr. Tan Min Cheow, Benson	c/o 1 Buroh Crescent #6M-01 Cogent 1.Logistics Hub Singapore 627545	Executive Director and Chief Executive Officer
Mr. Tan Yeow Lam	c/o 1 Buroh Crescent #6M-01 Cogent 1.Logistics Hub Singapore 627545	Managing Director
Mr. Chan Soo Sen	c/o 1 Buroh Crescent #6M-01 Cogent 1.Logistics Hub Singapore 627545	Lead Independent Director
Mr. Chua Cheow Khoon Michael	c/o 1 Buroh Crescent #6M-01 Cogent 1.Logistics Hub Singapore 627545	Independent Director
Mr. Teo Lip Hua Benedict	c/o 1 Buroh Crescent #6M-01 Cogent 1.Logistics Hub Singapore 627545	Independent Director

### 2. SHARE CAPITAL

As at the Latest Practicable Date, CHL has an issued and paid-up capital of approximately S\$45,949,767 comprising 478,500,000 issued shares with no treasury shares (based on the results of the instant information search of CHL dated the Latest Practicable Date conducted with ACRA).

### 3. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as disclosed in the unaudited consolidated financial statements of CHL for the financial period ended 30 June 2017, being the second quarter of the financial year ending 31 December 2017 announced by CHL on 11 August 2017 and any other information on CHL which is publicly available (including, without limitation, the announcements released by CHL on the SGX-ST), there has not been, based on information available to the Offeror, any material changes in the financial position or prospects of CHL since 31 December 2016, being the date of the last audited consolidated financial statements laid before the Shareholders in general meeting.

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## APPENDIX D — ADDITIONAL INFORMATION ON CHL

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### 4. REGISTERED OFFICE

The registered office of CHL is 1 Buroh Crescent, #6M-01 Cogent 1. Logistics Hub, Singapore 627545.

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## APPENDIX E — DISCLOSURES

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### 1. HOLDINGS OF CHL SHARES

As at the Latest Practicable Date, based on information available to the Offeror, (i) the Offeror and its directors, (ii) BOC, and (iii) to the best of the Offeror's knowledge, the other parties acting in concert with the Offeror, do not hold any Relevant Securities.

### 2. DEALINGS IN CHL SHARES

As at the Latest Practicable Date, based on information available to the Offeror, (i) the Offeror and its directors, (ii) BOC, and (iii) to the best of the Offeror's knowledge, the other parties acting in concert with the Offeror, have not dealt in any Relevant Securities during the Reference Period.

### 3. OTHER ARRANGEMENTS

Pursuant to a commitment letter entered into by the Offeror in connection with the Offer, the Offeror has agreed to grant a charge over all the Shares to be acquired by the Offeror in favour of BOC as security for facilities to be granted by BOC in connection with the Offer.

### 4. DETAILS OF THE IRREVOCABLE UNDERTAKINGS AND DEFERRED CONSIDERATION

Details of the (i) Undertaking Shareholders and the number of Shares to be tendered in acceptance of the Offer by each Undertaking Shareholder pursuant to their respective Irrevocable Undertakings and (ii) the amount of Deferred Consideration withheld from the Key Undertaking Shareholders are set out in the table below:

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<b>Name of Undertaking Shareholder</b>	<b>Number of Shares</b>	<b>Percentage of issued Shares<sup>(1)</sup></b>	<b>Amount of Deferred Consideration (S\$)</b>
Mr. Tan Yeow Khoon	328,242,775	68.60%	S\$16,597,794
Mr. Tan Yeow Lam	65,000,000	13.58%	S\$3,286,764
Mr. Tan Min Cheow, Benson	2,283,000	0.48%	S\$115,442
Madam Ng Poh Choo	7,977,000	1.67%	N.A.
<b>Total:</b>	<b>403,502,775</b>	<b>84.33%</b>	<b>S\$20,000,000</b>

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**Note:**

(1) As a percentage of the total number of Shares in issue as at the Latest Practicable Date. For the purposes of the table above, all percentage figures are rounded to the nearest two decimal places.

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## APPENDIX F — GENERAL INFORMATION

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### 1. DISCLOSURE OF INTERESTS

- 1.1 **No agreement having any connection with or dependence upon the Offer.** As at the Latest Practicable Date, save for the Irrevocable Undertakings and as disclosed in this Offer Document, there is no agreement, arrangement or understanding between (a) the Offeror or any person acting in concert with the Offeror and (b) any of the current or recent directors of CHL or any of the current or recent shareholders of CHL having any connection with or dependence upon the Offer.
- 1.2 **Transfer of Shares.** As at the Latest Practicable Date, save as disclosed in this Offer Document, there is no agreement, arrangement or understanding whereby any Shares acquired pursuant to the Offer will be transferred to any other person.
- 1.3 **No payment or benefit to Directors of CHL.** As at the Latest Practicable Date, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any director of CHL or any of its related corporations as compensation for loss of office or otherwise in connection with the Offer.
- 1.4 **No agreement conditional upon outcome of Offer.** As at the Latest Practicable Date, save for the Irrevocable Undertakings and as disclosed in this Offer Document, there is no agreement, arrangement or understanding between (a) the Offeror or any person acting in concert with the Offeror and (b) any of the directors of CHL or any other person in connection with or conditional upon the outcome of the Offer or is otherwise connected with the Offer.
- 1.5 **Transfer restrictions.** The constitution of CHL does not contain any restrictions on the right to transfer the Shares.
- 1.6 **No material change in information.** Save as disclosed in this Offer Document and save for information relating to the Offeror and the Offer that is publicly available, there has been no material change in any information previously published by or on behalf of the Offeror during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date.

### 2. GENERAL

- 2.1 **Costs and expenses.** All costs and expenses of or incidental to the preparation and circulation of this Offer Document, the Relevant Acceptance Forms (other than professional fees and other costs incurred or to be incurred by CHL relating to the Offer) and stamp duty and transfer fees resulting from acceptances of the Offer will be paid by the Offeror.
- 2.2 **Consent.** (a) BOC, as financial adviser to the Offeror; and (b) Boardroom Corporate & Advisory Services Pte. Ltd., as the Registrar, have given and have not withdrawn their written consent to the issue of this Offer Document with the inclusion of their names and all references to their names in the form and context in which they appear in this Offer Document.



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## APPENDIX F — GENERAL INFORMATION

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### 3. MARKET QUOTATIONS

3.1 **Closing Prices.** The following table sets out the closing prices of the Shares on the SGX-ST on (a) the last Market Day of each month from May 2017 to October 2017 of the six (6) calendar months preceding the Offer Announcement Date; (b) the Last Trading Day; and (c) the Latest Practicable Date, and the corresponding premium based on the Offer Price of S\$1.02:

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<b>Date</b>	<b>Closing Price<sup>(1)</sup> (S\$)</b>	<b>Premium based on the Offer Price of S\$1.02<sup>(2)</sup> (%)</b>
31 May 2017	0.780	30.8
30 June 2017	0.745	36.9
31 July 2017	0.775	31.6
31 August 2017	0.785	29.9
29 September 2017	0.975	4.6
31 October 2017	0.965	5.7
2 November 2017 (the Last Trading Date)	0.970	5.2
17 November 2017 (the Latest Practicable Date)	1.010	1.0

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**Notes:**

(1) Based on data extracted from Bloomberg L.P..

(2) Percentage figures are rounded to the nearest one (1) decimal place.

3.2 **Highest and lowest prices.** The highest and lowest prices of the Shares on the SGX-ST (as reported by Bloomberg L.P.) for the period commencing six (6) calendar months prior to the Offer Announcement Date and ending on the Latest Practicable Date, and the corresponding premiums based on the Offer Price of S\$1.02 are as follows:

(a) **Highest closing price.** S\$1.02 per Share, transacted on 26 September 2017. The Offer Price of S\$1.02 represents a premium of 0% over the highest closing price.

(b) **Lowest closing price.** S\$0.730 per Share, transacted on 27 June 2017. The Offer Price of S\$1.02 represents a premium of 39.7% over the lowest closing price.

### 4. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the offices of Drew & Napier LLC at 10 Collyer Quay, #10-01 Ocean Financial Centre, Singapore 049315 for the period for which the Offer remains open for acceptance:

- (a) the Offer Announcement;
- (b) the constitution of the Offeror; and
- (c) the Irrevocable Undertakings.

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